

Board of Trustees Agenda Item

Board Meeting Date: 3/5/12

Title of Item: Resolution Authorizing the Issuance of the Foothill-De Anza Community College District (Santa Clara County, California) 2012 General Obligation Refunding Bonds; 1999 Authorization, Measure E, series B, C, and 2002 refunding Bonds, and 2006 Authorization

Background and Analysis:

As a result of a duly called election, on November 2, 1999, the District received authorization for the issuance of \$248,000,000 of General Obligation Bonds (Measure E). In May 2000, the District issued \$99,995,036 of Series A bonds in its first of three scheduled bond issuances. In October 2002, the District refunded \$67,475,000 of Series A General Obligation Bonds. In September 2003, the District issued \$90,100,062.75 in Series B bonds. In October 2005, the District refunded \$22,165,000 of Series B general Obligation Bond. In October 2005 the District issued \$57,904,900 of Series C bonds, none of which has been refunded.

As a result of a duly called election, on June 6, 2006, the District received authorization for the issuance of \$490,800,000 of General Obligation Bonds (Measure C). In May 2007, the District issued \$149,995,250 of Series A bonds and \$99,996,686 of Series B bonds. In June 2011, the District issued \$184,000,000 of Series C bonds. No refunding has been executed for any of the Measure C bonds.

The attached analysis from Morgan Stanley indicates there is currently an opportunity to save significant money by refinancing a portion of the Series B and C bonds and all of the remaining 2002 refunding bonds for Measure E and a portion of the Series A and B bonds for Measure C. The refunding opportunities are dependent on market conditions and will be evaluated for potential savings to the taxpayers at the time of the sale.

District administration is recommending approval of the resolution which authorizes the District to exercise the refunding options if market conditions are favorable. The sale for the refunding of these bonds is currently scheduled for early April, with a closing in May 2012.

Related documents included in this packet are: Morgan Stanley's analysis of projected savings and Financing Timetable.

Vice Chancellor of Business Services Kevin McElroy recommends that the Board:

1. Approve Resolution No. 2012-05 authorizing Issuance of 2012 General Obligation Refunding Bonds (Series B, C, and 2002 Refunding Bonds for Measure E and Series A and B for Measure C) (This resolution includes a Form of Current Interest Bond)
2. Approve the form of the Preliminary Official Statement
3. Approve the form of the Purchase Contract and
4. Approve the form of the Escrow Agreement

Additional information regarding this item can be found at: http://www.fhda.edu/about_us/board/agenda

Recommendation: Vice Chancellor of Business Services Kevin McElroy recommends approval the authorizing resolution

Submitted by:	Kevin McElroy
Additional contact names:	
Is backup provided?	Yes

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

RESOLUTION NO. 2012-05

RESOLUTION AUTHORIZING THE ISSUANCE OF THE FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT (SANTA CLARA COUNTY, CALIFORNIA) 2012 GENERAL OBLIGATION REFUNDING BONDS

WHEREAS, a duly called election was held in the Foothill-De Anza Community College District, Santa Clara County, State of California (hereinafter referred to as the "District"), on November 2, 1999 (the "1999 Authorization") and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by a vote of more than two-thirds of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$248,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District;

WHEREAS, pursuant to the 1999 Authorization, on May 18, 2000 the District issued \$99,995,036.05 of Foothill-De Anza Community College District (Santa Clara County, California) Election of 1999, General Obligation Bonds, Series A (the "Series 1999A Bonds") ;

WHEREAS, pursuant to the 1999 Authorization, on September 23, 2003 the District issued \$90,100,062.75 of Foothill-De Anza Community College District (Santa Clara County, California) Election of 1999, General Obligation Bonds, Series B (the "Series 1999B Bonds") ;

WHEREAS, a portion of the Series 1999A Bonds were refunded through the issuance of \$67,475,000 of Foothill-De Anza Community College District (Santa Clara County, California) 2002 General Obligation Refunding Bonds (the "2002 Refunding Bonds");

WHEREAS, a portion of the Series 1999B Bonds were refunded through the issuance of \$22,165,000 of Foothill-De Anza Community College District (Santa Clara County, California) 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds");

WHEREAS, pursuant to the 1999 Authorization, on October 4, 2005 the District issued \$57,904,900.25 of Foothill-De Anza Community College District (Santa Clara County, California) Election of 1999, General Obligation Bonds, Series C (the "Series 1999C Bonds") ;

WHEREAS, a duly called election was held in Foothill-De Anza Community College District, Santa Clara County, State of California, on June 6, 2006 (the "2006 Authorization") and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by a vote of more than two-thirds of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$490,800,000, payable from the levy of an *ad valorem* tax against the taxable property in the District;

WHEREAS, pursuant to the 2006 Authorization, on May 10, 2007 the District issued \$149,995,250.35 of Foothill-De Anza Community College District (Santa Clara County, California) Election of 2006, General Obligation Bonds, Series A (the "Series 2006A Bonds") ;

WHEREAS, pursuant to the 2006 Authorization, on May 10, 2007 the District issued \$99,996,686.15 of Foothill-De Anza Community College District (Santa Clara County, California) Election of 2006, General Obligation Bonds, Series B (the "Series 2006B Bonds", together with the Series 1999B Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the 2002 Refunding Bonds, the "Prior Bonds");

WHEREAS, pursuant to Section 53550 of the Government Code, the District is authorized to issue general obligation refunding bonds (the "Refunding Bonds") to refund all or a portion of the unrefunded Prior Bonds (the "Refunded Bonds");

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

WHEREAS, this Board desires to appoint professionals related to the issuance of the Refunding Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT, SANTA CLARA COUNTY, AS FOLLOWS:

SECTION 1. Purpose. To refund all or a portion of the aggregate principal amount of the Prior Bonds and to pay all necessary legal, financial, and contingent costs in connection therewith, the District authorizes the issuance of the Refunding Bonds in one or more series, to be styled as the "Foothill-De Anza Community College District (Santa Clara County) 2012 General Obligation Refunding Bonds," (or such other name as set forth in the Purchase Contract, as defined herein) and in an aggregate principal amount not-to-exceed \$140,000,000, and with appropriate series designations if more than one series is issued. Additional costs authorized to be paid from the proceeds of the Refunding Bonds are all of the authorized costs of issuance set forth in Section 53550(e) and (f) and Section 53587 of the Government Code.

SECTION 2. Paying Agent. The Board does hereby authorize the appointment of the U.S. Bank National Association as Paying Agent (defined herein) to act as the authenticating agent, paying agent, transfer agent and paying agent for the Refunding Bonds on behalf of the District.

SECTION 3. Terms and Conditions of Sale. To best access the capital markets, the Refunding Bonds shall be sold at one or more negotiated sales upon the direction of the Chancellor of the District (the "Chancellor") or the Vice Chancellor, Business Services of the District (the "Vice Chancellor"). The Refunding Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described below.

SECTION 4. Approval of Purchase Contract. The form of Purchase Contract (the "Purchase Contract") by and between the District and Morgan Stanley & Co. LLC (the "Underwriter"), for the purchase and sale of the Refunding Bonds, substantially in the form on file with the Secretary of the Board, is hereby approved and the Chancellor, the Vice Chancellor and such other officer or employee of the District as the Chancellor or Vice Chancellor may designate (collectively, the "Authorized Officers"),

each alone, is hereby authorized to execute and deliver the Purchase Contract, but with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the maximum all-inclusive interest rates of the Refunding Bonds shall not exceed the maximum rate permitted by law, and the Underwriter's discount, excluding original issue discount thereon shall not exceed 1.0% of the aggregate principal amount of the Refunding Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Refunding Bonds to be specified in the Purchase Contract for sale by the District up to \$140,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

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

(a) "1999 Authorization" means the authorization received by the District to issue the Series 1999A Bonds, the Series 1999B Bonds and the Series 1999C Bonds at an election held on November 2, 1999.

(b) "2006 Authorization" means the authorization received by the District to issue the Series 2006A Bonds and the Series 2006B Bonds at an election held on June 6, 2006.

(c) "Act" means Sections 53550 *et seq.* of the California Government Code.

(d) "Bond Payment Date" means (unless otherwise provided by the Purchase Contract) February 1 and August 1 of each year commencing August 1, 2012 with respect to the interest on the Refunding Bonds and August 1 of each year commencing August 1, 2012 with respect to the principal payments on the Refunding Bonds.

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

(f) "Depository" means the securities depository acting as Depository pursuant to Section 6(c) hereof.

(g) "DTC" means The Depository Trust Company, New York, New York, 55 Water Street, New York, New York 10041, Tel: (212) 855-1000 or Fax: (212) 855-7320, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Refunding Bonds.

(h) "Escrow Agent" means U.S. Bank National Association, or any other successor thereto, in its capacity as escrow agent for the Refunded Bonds.

(i) "Escrow Agreement" means the Escrow Agreement relating to the Refunded Bonds, by and between the District and the Escrow Agent.

(j) "Federal Securities" means securities as permitted, in accordance with the respective resolutions of the Board of Supervisors of Santa Clara County or the Board of Trustees of the District pursuant to which the Prior Bonds were issued, to be deposited for the purpose of defeasing the Prior Bonds.

(k) "Information Services" means Financial Information, Inc.'s "Financial Daily Called Bond Service; Standard & Poor's J.J. Kenny Information Services' Called Bond Service; or Mergent Inc.'s Called Bond Department.

(l) "Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(m) "Outstanding" means, when used with reference to the Refunding Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this resolution except:

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

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

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

(n) "Owners" or "Registered Owner" means the registered owner of a Bond as set forth on the registration books maintained by the Paying Agent pursuant to Section 6 hereof.

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

(p) "Paying Agent" means U.S. Bank National Association, or any successor financial institution, acting as paying agent, verification agent, transfer agent, bond registrar for the Refunding Bonds.

(q) "Record Date" means the fifteenth day of the month preceding each Bond Payment Date.

(r) "Securities Depository" means The Depository Trust Company, 55 Water Street, New York, New York 10041, Tel: (212) 855-1000 or Fax: (212) 855-7320 with Cede & Co. as its nominee.

(s) "Term Bonds" means those Refunding Bonds for which mandatory redemption dates have been established in the Purchase Contract.

SECTION 6. Terms of the Refunding Bonds.

(a) Denomination, Interest, Dated Dates. The Refunding Bonds shall be issued as bonds registered as to both principal and interest, in the denominations of \$5,000 or any integral multiple thereof. The Refunding Bonds will be initially registered to "Cede & Co.," the nominee of the DTC.

Each Refunding Bond shall be dated the date of delivery of the Refunding Bonds or such other date as shall appear in the Purchase Contract or the Official Statement (the "Date of Delivery"), and shall bear interest at the rates set forth in the Purchase Contract from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from the Date of Delivery. Interest with respect to

the Current Interest Bonds shall be payable on the respective Bond Payment Dates and shall be computed on the basis of a 360-day year of twelve 30-day months.

No Refunding Bond of any series shall mature later than the final maturity date of the Refunded Bonds to be refunded from proceeds of such Refunding Bond.

(b) Redemption.

(i) Optional Redemption. The Refunding Bonds shall be subject to optional redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(ii) Mandatory Redemption. Any Refunding Bonds issued as Term Bonds shall be subject to mandatory sinking fund redemption as provided in the Purchase Contract or the Official Statement.

In the event that a portion of any Term Bond is optionally redeemed pursuant to Section 6(b)(i) hereof, the remaining sinking fund payments shall be reduced proportionately, in integral multiples of \$5,000, in respect to the portion of such Term Bond optionally redeemed.

(iii) Selection of Refunding Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Refunding Bonds and less than all outstanding Refunding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Refunding Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Refunding Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, the Purchase Contract may provide that, within a maturity, Refunding Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further that, such pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

With respect to redemption by lot, the portion of any Refunding Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

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

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

(A) At least 20 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Refunding Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(B) At least 20 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service to the Securities Depository.

(C) At least 20 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service to one of the Information Services.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Refunding Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Refunding Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Refunding Bonds being redeemed with the proceeds of such check or other transfer. Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

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

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

(vi) Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Refunding Bonds to be redeemed shall become due and payable on such date of redemption.

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

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

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

(c) Book-Entry System.

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

The District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such the Refunding Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Refunding Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to the Refunding Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in the Refunding Bonds to be prepaid in the event the District redeems the Refunding Bonds in part; (iv) or the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest on the Refunding Bonds. The District and the Paying Agent may treat and consider the person in whose name each the Refunding Bond is registered in the Bond Register as the absolute owner (the "Registered Owner" or "Owner") of such the Refunding Bond for the purpose of payment of principal of and premium and interest on and to such Refunding Bond, for the purpose of giving notices of redemption and other matters with respect to such Refunding Bond, for the purpose of registering transfers with respect to such Refunding Bond, and for all other purposes whatsoever. The Paying

Agent shall pay all principal of and premium, if any, and interest on the Refunding Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, and premium, if any, and interest on the Refunding Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of principal of, and premium, if any, and interest on the Refunding Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word "Nominee" in this Resolution shall refer to such nominee of the Depository.

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

(2) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for the Refunding Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Refunding Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such the Refunding Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Refunding Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Refunding Bonds shall designate, in accordance with the provisions of this Section 6(c).

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

(4) Transfer of Refunding Bonds to Substitute Depository.

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

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

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

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

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

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

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

SECTION 7. Execution of Refunding Bonds. The Refunding Bonds shall be signed by the President of the Board of Trustees of the District, by his or her manual or facsimile signature and countersigned by the manual or facsimile signature of the Clerk or Secretary of or to the Board, all in their

official capacities. No Refunding Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Refunding Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Refunding Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution. There shall be attached to each Refunding Bond the legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, and, immediately preceding such legal opinion, a certificate executed with the facsimile signature of the Secretary to the Board of Trustees, said certificate to be in substantially the following form:

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

(Facsimile Signature)
Secretary, Board of Trustees

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

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

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

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

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

SECTION 9. Payment. Payment of interest on any Refunding Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate principal of \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The Principal, and redemption price, if any, shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The interest, principal and premiums, if any, on the Refunding Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Refunding Bonds when duly presented for payment at maturity, and to cancel all Refunding Bonds upon payment thereof. The Refunding Bonds are general obligations of the District, payable without limit as to rate or amount solely from the levy of *ad valorem* property taxes upon all property subject to taxation within the District.

SECTION 10. Form of Refunding Bonds. The Refunding Bonds shall be in substantially the following form, allowing those officials executing the Refunding Bonds to make the insertions and deletions necessary to conform the Refunding Bonds to this Resolution, the Purchase Contract and the Official Statement:

[REMAINDER OF PAGE LEFT BLANK]

(Form of Refunding Bond)

REGISTERED
NO.

REGISTERED
\$

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(SANTA CLARA COUNTY)
2012 GENERAL OBLIGATION REFUNDING BOND

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED AS OF:</u>	<u>CUSIP</u>
____ % per annum	August 1, ____	____, 2012	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Foothill-De Anza Community College District (the "District") in Santa Clara County (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2012. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2012, in which event it shall bear interest from the Date of Delivery. Interest on this bond shall be computed on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially the U.S. Bank National Association. Principal is payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest is payable by check mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Refunding Bonds in the aggregate Principal amount of \$1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds issued by the District pursuant to Government Code Section 53550 *et seq.* (the "Act") for the purpose of refunding certain of its outstanding bonds of the District's \$90,100,062.25 Election of 1999 General Obligation Bonds, Series B; its outstanding \$57,904,900.25 Election of 1999 General Obligation Bonds, Series C; its outstanding \$64,475,000 2002 General Obligation Refunding Bonds; its outstanding \$149,995,250.35 Election of 2006 General Obligation Bonds, Series A; its outstanding \$99,986,686.15 Election of 2006 General Obligation Bonds, Series B, and to pay all necessary legal, financial, and contingent costs in connection therewith. The bonds are being issued under authority of and pursuant to the Act, the laws of the State of California, and the resolution of the Board of Trustees of the District adopted on March 5, 2012 (the "Bond Resolution"). This bond and the issue of which this bond is one are general obligation bonds of the District payable as

to both Principal and interest solely from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

The bonds of this issue comprise \$_____ Principal amount of Current Interest Bonds, of which this bond is a part (each a "Refunding Bond").

This bond is exchangeable and transferable for bonds of like tenor, maturity and principal amount and in authorized denominations at the designated office of the Paying Agent by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of Principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

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

The Refunding Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Refunding Bonds maturing on or after August 1, 20__ are subject to redemption on or after August 1, 20__ or on any date thereafter at the option of the District as a whole or in part at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, plus interest accrued thereon to the date fixed for redemption, without premium.

The Refunding Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption from moneys in the Debt Service Fund on August 1 of each year on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Refunding Bonds to be so redeemed and the dates therefore and the final payment date is as indicated in the following table:

Redemption Dates

Principal Amounts

TOTAL

\$

The principal amount to be redeemed in each year shown above will be reduced proportionately or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of the Refunding Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds or portions of bonds of such maturity to be redeemed shall be selected by lot by the District in such manner as the District in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the Principal amount of \$5,000 or some multiple thereof. If less than all of the

bonds stated to mature on different dates shall be called for redemption, the particular bonds or portions thereof to be redeemed shall be called in any order of maturity selected by the District or, if not so selected, in the inverse order of maturity.

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

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

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

IN WITNESS WHEREOF, the Foothill-De Anza Community College District, Santa Clara County, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the President of the Board of Trustees of the District, and to be countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board of Trustees, all as of the date stated above.

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

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

COUNTERSIGNED:

(Facsimile Signature)
Secretary to Board of Trustees

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2012.

U.S. BANK NATIONAL ASSOCIATION, as Paying
Agent

By: _____
Authorized Officer

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

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

LEGAL OPINION

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

By: _____ (Facsimile Signature)
Secretary to Board of Trustees

(Form of Legal Opinion)

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

SECTION 12. Deposit of Proceeds of Refunding Bonds; Escrow Agreement. An amount of the proceeds from the sale of the Refunding Bonds necessary to purchase Federal Securities shall be transferred to the Escrow Agent for deposit in the escrow fund (the "Escrow Fund") established under the Escrow Agreement, which amount, together with an amount or amounts of cash held uninvested therein, shall be sufficient to refund the Refunded Bonds all as set forth in a certificate of an Authorized Officer. Premium received from the sale of the Refunding Bonds desired to pay all or a portion of the costs of issuing the Refunding Bonds may be deposited in the fund of the District held by the Escrow Agent and known as the "Foothill-De Anza Community College District General Obligation Refunding Bonds Cost of Issuance Fund" (the "Cost of Issuance Fund") and shall be kept separate and distinct from all other District funds, and those proceeds shall be used solely for the purpose of paying costs of issuance of the Refunding Bonds.

Any accrued interest received by the District from the sale of the Refunding Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Foothill-De Anza Community College District, General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund") for the Refunding Bonds and used only for payments of Principal of and interest on the Refunding Bonds. The Debt Service Fund shall be held by the County. Money on deposit in the debt service fund established for the Refunded Bonds collected to make the payments on the Refunded Bonds due on and after August 1, 2012, as applicable (i) may be used to pay the debt service due on and after August 1, 2012, as applicable on any Prior Bonds not to be refunded from proceeds of the Refunding Bonds, (ii) may be transferred to the Escrow Fund and applied as set forth in the Escrow Agreement or (iii) may be used to pay Principal of and interest due, if any, on the Refunding Bonds. Any premium received by the District from the sale of the Refunding Bonds may be transferred to the Debt Service Fund or applied to the payment of cost of issuance of the Refunding Bonds, or some combination of deposits. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes set forth herein for which the Refunding Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the Principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Notwithstanding any of the foregoing, the provisions of this Section 12 as they relate to the dispersal and allocation of moneys on deposit in the debt service funds established for the Refunded Bonds collected to pay the interest and principal due on and after August 1, 2012, as applicable on the Refunded Bonds and the provisions of this Section 12 as they relate to the application of any premium received by the District from the sale of the Refunding Bonds may be amended by the Purchase Contract or the Official Statement so long as the transactions contemplated by such amendment are in compliance with the provisions of the Act.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding Bonds as the same become due and payable, shall be transferred by the U.S. Bank National Association to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the Refunding Bonds. DTC will thereupon make payments of principal and interest on the Refunding Bonds to the DTC Participants who will thereupon make payments of principal and interest to the beneficial owners of the Refunding Bonds. Any moneys remaining in the Debt Service Fund after the Refunding Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the District.

Except as required below to satisfy the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay Principal and interest on the Refunding Bonds when due.

SECTION 13. Rebate Fund.

(a) General. If necessary, there shall be created and established a special fund designated the "Foothill-De Anza Community College District General Obligation Refunding Bonds Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Rebate Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and Section 14 of this Resolution and by the Tax Certificate concerning certain matters pertaining to the use and investment of proceeds of the Refunding Bonds, executed and delivered to the District on the date of issuance of the Refunding Bonds, including any and all exhibits attached thereto (the "Tax Certificate").

(b) Deposits.

(i) Within forty-five (45) days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate) (1) the District shall calculate or cause to be calculated with respect to the Refunding Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Rebate Regulations, using as the "computation date" for this purpose the end of such five Bond Years, and (2) the District shall deposit to the Rebate Fund from deposits from the District or from amounts available therefor on deposit in the other funds established hereunder, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section.

(iii) The District shall not be required to calculate the "rebate amount" and the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Refunding Bonds (including amounts treated as the proceeds of the Refunding Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148 (f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations or the small issuer exception of Section 148(f)(4)(D) of the Code, whichever is applicable, and otherwise qualify for the exception of the Rebate Requirement pursuant to whichever of said sections is applicable, or (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Refunding Bonds. Any funds remaining in the Rebate Fund after redemption of all the Refunding Bonds and any amounts described in paragraph (ii) of subsection (d) of this Section, including accrued interest, shall be transferred to the General Fund of the District.

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

(i) not later than sixty (60) days after the end of (a) the fifth (5th) Bond Year, and (b) each fifth (5th) Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Rebate Regulations; and

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

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by or on behalf of the District.

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

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

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

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

SECTION 14. Security for the Refunding Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Refunding Bonds are outstanding in an amount sufficient to pay the Principal of and interest on the Refunding Bonds when due, which moneys when collected will be placed in the Debt Service Fund of the District, which fund is irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds when and as the same fall due. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* tax in accordance with this Section 14 and Section 53559 of the Act.

SECTION 15. Arbitrage Covenant. The District will restrict the use of the proceeds of the Refunding Bonds in such manner and to such extent, if any, as may be necessary, so that the Refunding Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that Section or any predecessor section.

SECTION 16. Legislative Determinations. The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Refunding Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Refunding Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Refunding Bonds. Furthermore, the Board finds and determines pursuant to Section 53552 of the Act that the prudent management of the fiscal affairs of the District requires that it issue the Refunding Bonds without submitting the question of the issuance of the Refunding Bonds to a vote of the qualified electors of the District.

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

SECTION 18. Insurance. In the event the District purchases bond insurance for the Refunding Bonds, and to the extent that the Bond Insurer makes payment of the principal or interest on the Refunding Bonds, it shall become the Owner of such Refunding Bonds with the right to payment of principal or interest on the Refunding Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Refunding Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Refunding Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Refunding Bonds maintained by the Paying Agent upon surrender of the Refunding Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

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

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

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

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

For purposes of this Section, "Government Obligations" shall mean:

Direct and general obligations of the United States of America or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute strips), or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service or Standard & Poor's. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service.

SECTION 20. Other Actions, Determinations and Approvals.

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

(b) The Board hereby finds and determines that both the total net interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds will be less than the total net interest cost to maturity on the Refunded Bonds plus the principal amount of the Refunded Bonds.

(c) The Board anticipates that the Refunded Bonds will be redeemed on or about August 1, 2012 with respect to the 2002 Refunding Bonds, on or about August 1, 2013 with respect to the Series 1999B Bonds, August 1, 2015 with respect to the Series 1999C Bonds and with respect to the Series 2006A Bonds and the Series 2006B Bonds on August 1, 2017, each of which are the first optional redemption date of such Refunded Bonds following the issuance of the Refunding Bonds.

(d) The Board hereby appoints U.S. Bank National Association as escrow agent (the “Escrow Agent”) for the Refunding Bonds and approves the form of Escrow Agreement, by and between the District and the Escrow Agent on file with the Secretary to the Board. The Authorized Officers, each alone, are hereby authorized to execute the Escrow Agreement with such changes as they shall approve, such approval to be conclusively evidenced by either individual’s execution and delivery thereof.

(e) The Board hereby appoints Morgan Stanley & Co. LLC, as the underwriter, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as bond counsel and disclosure counsel and William Euphrat Municipal Finance, Inc. as financial advisor with respect to the issuance of the Refunding Bonds.

(f) The provisions of this Resolution may be amended by the Purchase Contract and the Official Statement; if the Purchase Contract so provides, the Refunding Bonds may be issued as crossover refunding bonds pursuant to Section 53558(b) of the Government Code.

SECTION 21. Resolution to Director of Finance. The Clerk of this Board is hereby directed to provide a certified copy of this Resolution to the Director of Finance of Santa Clara County immediately following its adoption.

SECTION 22. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Refunding Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Refunding Bonds.

SECTION 23. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

SECTION 24. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 5th day of March, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

President, Board of Trustees
Foothill-De Anza Community College District

Attest:

Secretary to Board of Trustees
Foothill-De Anza Community College District

SECRETARY'S CERTIFICATE

I, _____, Secretary to the Board of Trustees of the Foothill-De Anza Community College District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly and legally held at the regular meeting place thereof on March 5, 2012, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

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

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

Dated: _____, 2012

Secretary

NEW ISSUE -- FULL BOOK-ENTRY

RATINGS: S&P: “___”; Moody’s: “___”
See “RATINGS” herein.

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

\$ _____
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
2012 General Obligation Refunding Bonds

Dated: Date of Delivery**Due: August 1, as shown on inside front cover**

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

The Foothill-De Anza Community College District 2012 General Obligation Refunding Bonds (the “Bonds”), in the aggregate principal amount of \$ _____, are being issued by the Foothill-De Anza Community College District (the “District”) to pay for (i) the current refunding of all or a portion of the District’s outstanding 2002 General Obligation Refunding Bonds, (ii) the advance refunding of a portion of the District’s outstanding Election of 1999 General Obligation Bonds, Series B, (iii) the advance refunding of a portion of the District’s outstanding Election of 1999 General Obligation Bonds, Series C, (iv) the advance refunding of a portion of the District’s outstanding Election of 2006 General Obligation Bonds, Series A, (v) the advance refunding of a portion of the District’s outstanding Election of 2006 General Obligation Bonds, Series B, and (vi) certain costs associated with the issuance of the Bonds.

The Bonds represent general obligations of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of Santa Clara County is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates).

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

Interest on the Bonds accrues from the Date of Delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2012. Payment to owners of \$1,000,000 or more in principal amount of the Bonds, at the owner’s option, will be made by wire transfer. The Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners (defined herein) of the Bonds. See “APPENDIX E – Book-Entry Only System.”

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

MATURITY SCHEDULE*
 (see inside front cover)

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Fulbright & Jaworski L.L.P., Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of the Depository Trust Company in New York, New York, on or about _____, 2012.

MORGAN STANLEY

Dated: _____, 2012

* Preliminary, subject to change.

MATURITY SCHEDULE

\$ _____
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
2012 General Obligation Refunding Bonds

Base CUSIP[†]: 345102

\$ _____ Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
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\$ _____ % Term Bonds due August 1, 20__ Yield ____% CUSIP[†] ____

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

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

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

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

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

"The Underwriter has reviewed the information in this Official Statement in accordance with, and as 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 the completeness of such information."

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

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

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

Board of Trustees

Joan Barram, President
Laura Casas Frier, Vice President
Betsy Bechtel, Member
Pearl Cheng, Member
Bruce Swenson, Member

District Administration

Dr. Linda M. Thor, Chancellor
Kevin McElroy, Vice Chancellor, Business Services
Hector Quiñonez, Controller
Bernata Slater, Director, Budget Operations

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Financial Advisor

William Euphrat Municipal Finance, Inc.
San Francisco, California

Paying Agent, Registrar, Transfer Agent and Escrow Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE DISTRICT.....	1
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.....	1
PURPOSE OF ISSUE.....	1
DESCRIPTION OF THE BONDS.....	2
TAX MATTERS.....	2
AUTHORITY FOR ISSUANCE OF THE BONDS	3
OFFERING AND DELIVERY OF THE BONDS.....	3
CONTINUING DISCLOSURE	3
PROFESSIONALS INVOLVED IN THE OFFERING.....	3
FORWARD LOOKING STATEMENTS.....	3
OTHER INFORMATION	4
THE BONDS	4
AUTHORITY FOR ISSUANCE	4
SECURITY AND SOURCES OF PAYMENT	4
DESCRIPTION OF THE BONDS.....	5
REDEMPTION	6
TRANSFER AND EXCHANGE OF BONDS.....	8
DEFEASANCE.....	9
REFUNDING PLAN	9
ESTIMATED SOURCES AND USES OF FUNDS	10
DEBT SERVICE SCHEDULE.....	11
SANTA CLARA COUNTY INVESTMENT POOL	11
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS	14
ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION	14
LEGISLATION IMPLEMENTING ARTICLE XIII A.....	15
UNITARY PROPERTY.....	15
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION	15
ARTICLE XIII C AND ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION	16
PROPOSITION 26	17
PROPOSITIONS 98 AND 111	17
PROPOSITION 39	19
JARVIS V. CONNELL.....	20
PROPOSITION 1A AND PROPOSITION 22.....	20
STATE CASH MANAGEMENT LEGISLATION.....	21
FUTURE INITIATIVES	21
TAX BASE FOR REPAYMENT OF BONDS	22
<i>AD VALOREM</i> PROPERTY TAXATION	22
ASSESSED VALUATIONS.....	23
ASSESSED VALUATION AND PARCELS BY LAND USE.....	24
ALTERNATIVE METHOD OF TAX APPORTIONMENT - “TEETER PLAN”	24
PRINCIPAL TAXPAYERS	25
TAX RATES.....	26
STATEMENT OF DIRECT AND OVERLAPPING DEBT.....	26

TABLE OF CONTENTS (cont'd)

	<u>Page</u>
FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA	28
MAJOR REVENUES	28
TAX SHIFTS AND TRIPLE FLIP	29
BUDGET PROCEDURE	29
MINIMUM FUNDING GUARANTEES FOR CALIFORNIA COMMUNITY COLLEGE DISTRICTS UNDER PROPOSITIONS 98 AND 111	31
STATE ASSISTANCE	32
THE DISTRICT	38
INTRODUCTION	38
ADMINISTRATION	39
ENROLLMENT	40
LABOR RELATIONS	40
RETIREMENT PROGRAMS	41
OTHER POST-EMPLOYMENT BENEFITS	42
INSURANCE	42
ACCOUNTING PRACTICES	43
COMPARATIVE FINANCIAL STATEMENTS	43
DISTRICT DEBT STRUCTURE	45
TAX MATTERS	48
LEGAL MATTERS	50
CONTINUING DISCLOSURE	50
LEGALITY FOR INVESTMENT IN CALIFORNIA	50
ABSENCE OF MATERIAL LITIGATION	50
INFORMATION REPORTING REQUIREMENTS	50
LEGAL OPINION	51
VERIFICATION	51
FINANCIAL STATEMENTS	51
RATINGS	51
UNDERWRITING	51
ADDITIONAL INFORMATION	52
 APPENDIX A – EXCERPTS FROM THE 2010-11 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT	 A-1
APPENDIX B – FORM OF OPINION OF BOND COUNSEL	B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE	C-1
APPENDIX D – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR SANTA CLARA COUNTY	D-1
APPENDIX E – BOOK-ENTRY ONLY SYSTEM	E-1

§ _____
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
2012 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Foothill-De Anza Community College District (Santa Clara County, California) 2012 General Obligation Refunding Bonds (the “Bonds”).

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

The District

The Foothill-De Anza Community College District (the “District”) was established on January 15, 1957 and encompasses an approximately 105 square mile area in Santa Clara County (the “County”). The District is located in Los Altos Hills, in the heart of the Silicon Valley, and serves local communities in Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Sunnyvale and portions of San Jose. The District operates two community colleges, Foothill College and De Anza College, which provide collegiate-level instruction across a wide spectrum of subjects for associate degrees, career and technical training, and transfer to four-year institutions. The District’s projected full time equivalent enrollment for fiscal year 2011-12 is 33,169. The District has a 2011-12 total assessed valuation of \$99,376,401,297.

The District is governed by a five-member Board of Trustees (the “Board of Trustees”), each member of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The District’s administrative and financial staff includes a Chancellor, a Vice Chancellor, Business Services, a Controller, and a Director, Budget Operations. Dr. Linda M. Thor is the Chancellor of the District. See “THE DISTRICT.”

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the Santa Clara County (the “County”) is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). See “THE BONDS – Security and Sources of Payment.”

Purpose of Issue

The proceeds of the Bonds will be used to pay for the (i) the current refunding of all or a portion of the District’s outstanding 2002 General Obligation Refunding Bonds (the “Refunded 2002 Bonds”),

* Preliminary, subject to change.

(ii) the advance refunding of a portion of the District's outstanding Election of 1999 General Obligation Bonds, Series B (the "Refunded 1999 Series B Bonds"), (iii) the advance refunding of a portion of the District's outstanding Election of 1999 General Obligation Bonds, Series C (the "Refunded 1999 Series C Bonds"), (iv) the advance refunding of a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series A (the "Refunded 2006 Series A Bonds"), (v) the advance refunding of a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series B (the "Refunded 2006 Series B Bonds" and, together with the Refunded 2002 Bonds, the Refunded 1999 Series B Bonds, the Refunded 1999 Series C Bonds and the Refunded 2006 Series A Bonds, the "Refunded Bonds"), and (vi) certain costs associated with the issuance of the Bonds.

Description of the Bonds

Form, Registration and Denomination. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "APPENDIX E – Book-Entry Only System." In event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Transfer and Exchange of Bonds."

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

Redemption.* The Bonds maturing on or after August 1, 20__* are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 20__* or on any date thereafter as a whole, or in part. The Term Bonds are subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption."

Payments. Interest on the Bonds accrues from their initial date of delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2012. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners (defined herein) of the Bonds. See "APPENDIX E – Book-Entry Only System").

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issued discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issued discount) on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of

* Preliminary, subject to change.

the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. See "TAX MATTERS."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District. See "THE BONDS – Authority for Issuance."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2012.

Continuing Disclosure

The District will covenant for the benefit of bondholders to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, in compliance with S.E.C. Rule 15c2-12(b)(5). See "LEGAL MATTERS – Continuing Disclosure." The specific nature of the information to be made available and of the notices of material events required to be provided are summarized in Appendix C.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. William Euphrat Municipal Finance, Inc. is acting as financial advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth and William Euphrat Municipal Finance, Inc. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter (defined herein) by Fulbright & Jaworski L.L.P., Los Angeles, California. U.S. Bank National Association, San Francisco, California, has been appointed as Paying Agent for the Bonds, and as escrow agent with respect to the Refunded Bonds. Grant Thornton LLP, Minneapolis, Minnesota is acting as verification agent for the Bonds.

Forward Looking Statements

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

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

UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Vice Chancellor, Business Services, Foothill-De Anza Community College District, 12345 El Monte Road, Los Altos Hills, California 94022. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on March 5, 2012 (the "Resolution").

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to

taxation by the District without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes, when collected, will be deposited by the County into the "Foothill-De Anza Community College District General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund"), which is segregated and maintained by the County and which shall be used for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County. See "TAX BASE FOR REPAYMENT OF BONDS."

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the Treasurer-Tax Collector of the County to DTC to pay, as the case may be, the principal of and interest on the Bonds. DTC will thereupon make payment of principal and interest of the Bonds to the DTC Participants who will thereupon make payments of principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive certificates representing their interests in the Bonds.

Interest with respect to the Bonds accrues from their date of delivery, and is payable semiannually on February 1 and August 1 of each year (each a "Bond Payment Date"), commencing August 1, 2012. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2012, in which event it shall bear interest from its date; *provided*, that if, at the time of authentication of any Bond interest is in default on any outstanding Bonds, such Bond shall bear interest from the Bond Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered owner thereof, upon the surrender thereof at the office of the Paying Agent. The interest on the Bonds will be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Bond Payment Date to such registered owner at such registered owner's address as it appears on such registration books or at such address as the registered owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered owner of at least \$1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest on the Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Redemption

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

Mandatory Sinking Fund Redemption.* The Term Bonds maturing on August 1, 20__*, is subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__*, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
Total	

⁽¹⁾ Final Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__* are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, in integral multiples of \$5,000, in respect of the portion of such Term Bonds optionally redeemed.

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

* Preliminary, subject to change.

Notice of Redemption. Notice of any redemption of Bonds will be mailed, postage-prepaid, not less than 20 nor more than 60 days prior to the redemption date (i) to the Registered Owners thereof at the addresses appearing on the bond registration books of the Paying Agent, (ii) to the Securities Depository described below, and (iii) to one or more of the Information Services described below. Notice of redemption to the Securities Depository and the Information Services will be given by registered mail, facsimile transmission or overnight delivery service. Each notice of redemption will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

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

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor’s J.J. Kenny Information Services’ “Called Bond Record,” 55 Water Street, 45th Floor, New York, New York 10041.

“Securities Depository” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or Fax (212) 855-7320.

The actual receipt by an Owner of any Bond or by any Information Service or Securities Depository of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice nor shall any defect in such notice affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest thereon on the date fixed for redemption.

The notice or notices required for redemption will be given by the Paying Agent or its designee. A certificate by the Paying Agent that notice of call and redemption has been given to Owners of Bonds and to the appropriate Securities Depository and Information Services shall be conclusive as against all parties, and no Bondowner whose Bond is called for redemption may object thereto or object to the cessation of interest on the fixed redemption date by any claim or showing that said Bondowner failed to actually receive such notice of call and redemption.

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose in the Debt Service Fund, as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Bonds will be redeemed and paid at the redemption price thereof out of the Debt Service Fund. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

Effect of Notice of Redemption. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Bonds, accrued interest with respect thereto to the date fixed for redemption, then such Bonds will no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

Transfer and Exchange of Bonds

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

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

Defeasance

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

(a) Cash: by irrevocably depositing with the Paying Agent or with an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Fund is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal, interest and premium, if any; or

(b) Government Obligations: by irrevocably depositing with the Paying Agent or with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

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

“Government Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or “prerefunded” municipal obligations rated in the highest rating category by Moody’s Investors Service or Standard & Poor’s. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed “AAA” by Standard & Poor’s or “Aaa” by Moody’s.

REFUNDING PLAN

The proceeds from the sale of the Bonds will be used by the District to pay for the refunding of the Refunded Bonds and to pay certain costs associated with the issuance of the Bonds.

The net proceeds from the sale of the Bonds shall be paid to U.S. Bank National Association, acting as escrow agent (the “Escrow Agent”), to the credit of the escrow fund (the “Escrow Fund”) established pursuant to the escrow agreement relating to the Refunded Bonds (the “Escrow Agreement”) by and between the District and the Escrow Agent. Pursuant to the Escrow Agreement, an amount deposited in the Escrow Fund will be used to purchase certain securities, as defined in the Escrow Agreement, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay (i) the principal and interest due

on the Refunded 2002 Bonds on August 1, 2012, the first optional redemption date for such bonds, as well as the interest due on such Refunded 2002 Bonds on and before such date, (ii) the principal and interest due on the Refunded 1999 Series B Bonds on August 1, 2013, the first optional redemption date for such bonds, as well as the interest due on such Refunded 1999 Series B Bonds on and before such date, (iii) the principal and interest due on the Refunded 1999 Series C Bonds on August 1, 2015, the first optional redemption date for such bonds, as well as the interest due on such Refunded 1999 Series C Bonds on and before such date, (iv) the principal and interest due on the Refunded 2006 Series A Bonds on August 1, 2017, the first optional redemption date for such bonds, as well as the interest due on such Refunded 2006 Series A Bonds on and before such date, and (v) the principal and interest due on the Refunded 2006 Series B Bonds on August 1, 2017, the first optional redemption date for such bonds, as well as the interest due on such Refunded 2006 Series B Bonds on and before such date.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Bonds, and the accrued interest due on the Refunded Bonds, on the above-referenced dates will be verified by Grant Thornton LLP (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will also be defeased.

Any accrued interest on the Bonds, when received by the District from the sale of the Bonds, and any surplus moneys in the Escrow Fund, when received by the District following the redemption of the Refunded Bonds, shall be kept separate and apart in the Debt Service Fund and used only for payment of principal of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District.

Moneys in the Debt Service Fund are expected to be invested through the Santa Clara County Investment Pool. See "SANTA CLARA COUNTY INVESTMENT POOL."

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of the Bonds

Original Issue Premium

Total Sources

Uses of Funds

Escrow Fund

Costs of Issuance⁽¹⁾

Total Uses

⁽¹⁾ Reflects all costs of issuance, including Underwriter's discount, legal fees, financial advisory fees, printing costs, rating agency fees, the costs and fees of the Paying Agent and Escrow Agent, and other costs of issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions are made):

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽¹⁾</u>	<u>Total Annual Debt Service</u>
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
Total			

⁽¹⁾ Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2012.

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

SANTA CLARA COUNTY INVESTMENT POOL

The following information concerning the Santa Clara County Investment Pool (the “Investment Pool”) has been provided by the Director of Finance of the County (the “Director of Finance”) and has not been confirmed or verified by either the District or the Underwriter. Moreover, neither the District nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The following is a general description of the County’s investment policy, current portfolio holdings, investment policies and practices, and valuation procedures. For the most part, the information has been adapted from material prepared by Santa Clara County for use as disclosure information on securities issues. The information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, nor has such information been audited by the District, the Underwriter. All questions related to the County Treasury and the investment practices of the Director of

Finance should be directed to the Director of Finance at 70 West Hedding Street, San Jose, California 95110, telephone (408) 299-5200.

The County Director of Finance has authority to implement and oversee the investment of funds on deposit in the County's commingled investment pool (the "Investment Pool"). The Investment Pool is maintained by the County Director of Finance for the investment of liquid funds of the County and certain governmental entities located in the County, including fire protection districts and other special districts. Interest earned is deposited quarterly into participating funds. Any investment losses are shared proportionately by all funds in the pool.

The County's current investment policy (the "Investment Policy") was last revised on January 11, 2011. The County's Investment Policy is approved annually by the County Treasury Oversight Committee and the Board of Supervisors. Copies of the approved Investment Policy are circulated annually to local agencies with funds on deposit in the Investment Pool.

The Treasury Oversight Committee is established by the Board of Supervisors to advise the County Director of Finance in the management and investment of the Investment Pool. Members of the Oversight Committee represent the County and other local governments which together comprise the Investment Pool and other segregated investments. Members of the Oversight Committee are nominated by the County Director of Finance and confirmed by the Board of Supervisors and include the following: (i) County Director of Finance, (ii) representative appointed by the Board of Supervisors, (iii) representative selected by a majority of the presiding officers of the governing bodies of the school districts in the County that are required or authorized to deposit funds in the Investment Pool, (iv) County Superintendent of Schools or his/her designee, (v) representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County and (vi) members of the public that have expertise in, or an academic background in, public finance.

The Oversight Committee approves the Investment Policy, reviews and monitors the County Director of Finance's quarterly investment reports, reviews depositories for County funds and broker/dealers and banks as approved by the County Director of Finance, and causes an annual audit to be conducted to determine the Investment Pool's compliance with all relevant investment statutes and ordinances as well as the Investment Policy.

The Investment Policy states that preservation of principal and maintenance of liquidity is of primary concern, with earnings to be at market rates of return commensurate with minimum levels of risk.

As of December 31, 2011, the book value of the Investment Pool was \$4,567,454,458.44 and the market value was \$4,580,107,293.81. The following table summarizes the composition of the Investment Pool as of December 31, 2011.

SANTA CLARA COUNTY INVESTMENT POOL
Portfolio Composition
As of December 31, 2011

<u>Type of Maturity</u>	<u>Book Value</u>	<u>Market Value</u>	<u>% of Total Market Value</u>	<u>Average Days to Maturity</u>
Negotiable Certificates of Deposit	\$310,000,000.00	\$309,989,317.50	6.80%	196
MBS	4,533,245.45	4,500,834.88	0.10	957
Federal Agency Bonds	2,138,586,468.75	2,149,011,376.58	46.90	698
Corporate Bonds	326,266,347.21	327,309,583.83	7.10	617
Corporate Bonds – Cont.	4,953,719.03	5,059,032.38	0.10	146
FDIC Guaranteed Corporate Bonds	181,432,781.52	182,321,320.53	4.00	214
NCUA Guaranteed Corporate Bonds	93,946,967.74	94,395,081.16	2.10	352
Asset Backed Securities	150,467,687.39	149,994,708.11	3.30	1,034
Municipal Bonds	31,589,159.70	31,629,836.50	0.70	676
Commercial Paper, Discount Notes	706,719,658.80	706,870,241.30	15.40	61
Federal Agency, Discount Notes	24,998,341.69	24,999,800.00	0.50	16
Dreyfus Money Market Fund	236,670,098.91	236,670,098.91	5.20	1
Other Money Market Funds	196,512,403.58	196,578,483.46	4.30	1
Blackrock Money Market Fund	<u>160,777,578.67</u>	<u>160,777,578.67</u>	<u>3.50</u>	<u>1</u>
TOTAL	\$4,567,454,458.44	\$4,580,107,293.81	100.00%	450

Source: Santa Clara County Director of Finance.

As of December 31, 2011, the Investment Pool had 13.0% invested in cash equivalent-money market funds, 17.3% of its assets invested in securities maturing in 90 days or less, 24.4% of its assets invested in securities maturing between 90 days and one year, 20.5% maturing in one to two years, and 24.8% of its assets invested in securities maturing in over two years. As of December 31, 2011, the Investment Pool's yield was 0.83%.

The County reports that it has no leveraged funds in the Investment Pool. The County reports that none of the Investment Pool is invested in derivatives. The County reports that it is current practice for the Director of Finance to mark the portfolio to market on a quarterly basis. Such evaluations are performed by the County. The County reports that it expects the Investment Pool will have sufficient liquid funds to meet disbursement requirements of participants through the next six months.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. See “THE BONDS – Security and Sources of Payment.” Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

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

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

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

Legislation Implementing Article XIII A

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

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the 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.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues” and “THE DISTRICT.”

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. As amended, Article XIII B defines

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

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

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

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

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

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

Article XIIC and Article XIID of the California Constitution

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 XIIC and XIID (respectively, “Article XIIC” and “Article XIID”), 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 XIIC 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 XIIC 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. 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.

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

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article 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.

Propositions 98 and 111

On November 8, 1988, 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 XIII B 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.

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

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:

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in 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.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess 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.
- c. 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.

- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. 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. 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, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Property taxes may 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 buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement would apply 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 or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. 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.

Jarvis v. Connell

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

Proposition 1A and Proposition 22

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's General Fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the LAO on July 15, 2010, the expected reduction in

resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California will be dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide. The District can make no representations regarding what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

State Cash Management Legislation

Since 2002, the State has engaged in the practice of deferring certain apportionments to community college districts in order to manage the State's cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. These "cross-year" deferrals have been codified and are expected to be on-going. Legislation enacted with respect to fiscal year 2011-12 provides for additional inter-fiscal year deferrals.

On March 24, 2011, the Governor signed into law Senate Bill 82 ("SB 82"), which extended into fiscal year 2011-12 provisions of existing law designed to effectively manage the State's cash resources. With respect to the funding of California community college districts, SB 82 authorizes the deferral of \$200 million and \$100 million from the July 2011 and March 2012 apportionments. These State apportionments are authorized to be deferred to October 2011 and May 2012, respectively. SB 82 also provided for an exemption to either or both of these deferrals for a community college district for which the State Chancellor, in consultation with the State Director of Finance, determined, prior to June 1, 2011, that such proposed deferral presented an imminent threat to such district's fiscal integrity and security. The District did not receive an exemption from the deferrals authorized by SB 82.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 26, 39, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same rolls as the special district property taxes. Assessed valuations are the same for District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. Each county levies and collects all property taxes for property falling within that county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1 respectively and become delinquent on December 10 and April 10 respectively. A 10% penalty attaches to any delinquent installment plus a \$10 cost on the second installment. Property on the secured roll with delinquent taxes is sold to the State on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is then subject to sale by the tax-collecting authority of the relevant county.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

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

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

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values. The establishment of such agencies would not, however, affect the levy and collection of taxes with respect to the payment of debt service on the District’s general obligation bonds, including the Bonds.

Assessed Valuations

The following represents the ten-year history of assessed valuations in the District.

ASSESSED VALUATIONS Foothill-De Anza Community College District

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2002-03	\$56,961,911,825	\$7,616,503	\$7,015,602,679	\$63,985,131,007
2003-04	59,597,597,474	6,547,613	6,613,123,744	66,217,268,831
2004-05	62,350,282,279	7,157,998	5,329,707,648	67,687,147,925
2005-06	67,138,777,355	6,951,216	5,949,427,758	73,095,156,329
2006-07	74,020,489,225	6,441,120	5,578,833,713	79,605,764,058
2007-08	79,985,109,594	4,082,610	5,786,398,994	85,775,591,198
2008-09	87,548,070,527	4,237,376	6,162,676,227	93,714,984,130
2009-10	91,057,009,698	4,237,376	6,810,383,422	97,871,630,496
2010-11	91,313,000,200	4,237,376	6,080,958,926	97,398,196,502
2011-12	92,893,106,050	4,263,536	6,479,031,711	99,376,401,297

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District’s control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See “THE BONDS – Security and Sources of Payment.”

Appeals and Adjustments of Assessed Valuations. 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. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be 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. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution.”

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

Assessed Valuation and Parcels by Land Use

The following is an analysis of the District’s fiscal year 2011-12 assessed valuation (excluding utility and unsecured property) by land use.

ASSESSED VALUATION AND PARCELS BY LAND USE Foothill-De Anza Community College District

	2011-12 <u>Assessed Valuation ⁽¹⁾</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Agricultural/Forest	\$307,909,573	0.33%	264	0.24%
Commercial/Office	12,367,276,019	13.31	3,803	3.41
Industrial/Research and Development	10,426,787,731	11.22	1,256	1.12
Recreational	90,878,067	0.10	90	0.08
Government/Institutional	680,230,421	0.73	320	0.29
Miscellaneous/Utilities	<u>207,814,573</u>	<u>0.22</u>	<u>229</u>	<u>0.21</u>
Subtotal Non-Residential	\$24,080,896,384	25.92%	5,962	5.34%
Residential:				
Single Family Residence	\$51,680,529,538	55.63%	76,410	68.42%
Condominium/Townhouse	9,080,661,091	9.78	21,270	19.05
Mobile Home	87,293,866	0.09	1,320	1.18
2-4 Residential Units	1,998,819,298	2.15	3,812	3.41
5+ Residential Units/Apartments	<u>5,144,921,520</u>	<u>5.54</u>	<u>1,539</u>	<u>1.38</u>
Subtotal Residential	\$67,992,225,313	73.19%	104,351	93.44%
Vacant Parcels/Unknown Use	\$819,984,353	0.88%	1,369	1.23%
Total	\$92,893,106,050	100.00%	111,682	100.00%

⁽¹⁾ Local Secured Assessed Valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - “Teeter Plan”

Under 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 State Revenue and Taxation Code, each participating local agency levying property taxes, including community college districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments,

penalties and interest as collected that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

Under the Teeter Plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County includes the District's general purpose secured property tax levy and the *ad valorem* tax levy for the District's general obligation bonds under the Teeter Plan.

Principal Taxpayers

The following table lists the major taxpayers in the District in terms of their 2011-12 secured assessed valuations. The District provides educational services to and its boundaries include portions of the County.

LARGEST 2011-12 LOCAL SECURED TAXPAYERS Foothill-De Anza Community College District

Property Owner	Primary Land Use	2011-12 Assessed Valuation	% of Total ⁽¹⁾
1. Board of Trustees, Leland Stanford Jr. University ⁽²⁾	Various Land Holdings	\$4,143,575,970	4.46%
2. Lockheed Missiles and Space Co. Inc.	Manufacturing	568,560,908	0.61
3. Network Appliance Inc.	Research and Development	537,134,556	0.58
4. Google Inc.	Research and Development	524,839,174	0.56
5. Apple Computer Inc.	Office Building	446,301,184	0.48
6. Yahoo Inc.	Office Building	395,429,652	0.43
7. Applied Materials Inc.	Manufacturing	347,628,354	0.37
8. HCP Life Science REIT Inc.	Industrial	317,825,945	0.34
9. SPF Mathilda LLC	Office Building	278,866,634	0.30
10. MT SPE LLC	Office Building	264,517,587	0.28
11. Downtown Sunnyvale Mixed Use LLC	Office Building	254,850,136	0.27
12. BP MV Research Park LLC	Research and Development	228,629,615	0.25
13. Loral Space & Communications Inc.	Research and Development	226,246,247	0.24
14. Intuitive Surgical Inc.	Industrial	211,313,045	0.23
15. Arden Realty LP	Office Building	207,204,907	0.22
16. Moffett Towers Lot 3 LLC	Office Building	206,972,462	0.22
17. Symantec Corporation	Office Building	206,793,212	0.22
18. Heidelberg Cement Inc.	Industrial	194,123,307	0.21
19. Menlo & Jupiter Networks LLC	Manufacturing	190,160,000	0.20
20. Tishman Speyer Archstone	Apartments	178,398,156	0.19
		<u>\$9,929,371,051</u>	<u>10.69%</u>

⁽¹⁾ 2011-12 Local Secured Assessed Valuation: \$92,893,106,050.

⁽²⁾ Taxable properties only.

Source: California Municipal Statistics, Inc.

Tax Rates

A representative tax rate area located within the District is Tax Rate Area 6-001. The table below demonstrates the total *ad valorem* tax rates levied by all taxing entities in this tax rate area during the five-year period from 2007-08 through 2011-12.

TYPICAL TAX RATES (TRA 6-001)⁽¹⁾ Foothill-De Anza Community College District

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County Retirement Levy	.0388	.0388	.0388	.0388	.0388
County Hospital Bond	--	--	.0122	.0095	.0047
City of Palo Alto	--	--	--	.0171	.0155
Palo Alto Unified School District Bond	.0445	.0404	.0445	.0445	.0456
Foothill Community College District Bond	<u>.0113</u>	<u>.0123</u>	<u>.0322</u>	<u>.0326</u>	<u>.0297</u>
Total All Property	1.0946	1.0915	1.1277	1.1425	1.1343
Santa Clara Valley Water District -					
State Water Project (Land and Improvement)	<u>.0067</u>	<u>.0059</u>	<u>.0071</u>	<u>.0070</u>	<u>.0063</u>
Total Land and Improvement	.0067%	.0059%	.0071%	.0070%	.0063%

⁽¹⁾ 2011-12 assessed valuation of TRA 6-001 is \$18,169,335,637 which is 18.28% of the district's total assessed valuation.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of March 1, 2012, for debt issued as of February 27, 2012. 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.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Foothill-De Anza Community College District

2011-12 Assessed Valuation: \$99,376,401,297
Incremental Assessed Valuation: 4,121,961,798
Adjusted Assessed Valuation: \$95,254,439,499

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/12</u>
Santa Clara County	35.494%	\$112,444,992
Foothill-De Anza Community College District	100.000	635,294,288 (1)
Palo Alto Unified School District	100.000	221,669,249
Santa Clara Unified School District	0.150	661,643
Fremont Union High School District	100.000	260,605,108
Mountain View-Los Altos Union High School District	100.000	49,277,033
Cupertino Union School District	100.000	120,672,535
Los Altos Union School District	100.000	83,603,480
Mountain View School District	100.000	22,827,490
Mountain View-Whisman School District	100.000	2,160,000
Sunnyvale School District	100.000	115,226,584
Whisman School District	100.000	17,964,376
Other School Districts	various	179,463
City of Palo Alto	100.000	54,540,000
City of San Jose	4.395	20,246,447
City of Saratoga	16.430	1,970,779
El Camino Hospital District	97.716	139,030,325
Other Special Districts	various	143,306
City of Sunnyvale Community Facilities District No. 1	100.000	17,730,000
Santa Clara Valley Water District Benefit Assessment District	35.494	47,363,194
City 1915 Act Bonds	100.000	<u>37,477,838</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,961,088,130

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Santa Clara County General Fund Obligations	35.494%	\$273,617,922
Santa Clara County Pension Obligations	35.494	135,954,380
Santa Clara County Board of Education Certificates of Participation	35.494	4,465,145
Foothill-De Anza Community College District Certificates of Participation	100.000	19,605,000
Los Gatos-Saratoga Joint Union High School District Certificates of Participation	0.121	11,247
Mountain View-Los Altos Union High School District Certificates of Participation	100.000	5,710,000
Santa Clara Unified School District Certificates of Participation	0.150	19,470
Saratoga Union School District Certificates of Participation	0.256	14,925
City of Cupertino Certificates of Participation	96.648	42,534,785
City of Mountain View General Fund Obligations	100.000	13,750,000
City of San Jose General Fund Obligations	4.395	34,921,985
City of Sunnyvale General Fund Obligations	86.282	21,730,122
Other Cities General Fund Obligations	Various	9,305,489
Midpeninsula Regional Open Space Park District General Fund Obligations	54.532	75,513,033
Santa Clara County Vector Control District Certificates of Participation	35.494	<u>1,348,772</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$638,502,275
Less: City of Mountain View supported bonds		<u>10,065,000</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$628,437,275

GROSS COMBINED TOTAL DEBT \$2,599,590,405 (2)
NET COMBINED TOTAL DEBT \$2,589,525,405

(1) Excludes the Bonds described herein.

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

Ratios to 2011-12 Assessed Valuation:

Direct Debt (\$635,294,288).....0.64%
Total Direct and Overlapping Tax and Assessment Debt.....1.97%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$654,899,288).....0.69%
Gross Combined Total Debt2.73%
Net Combined Total Debt2.72%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community colleges is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Major Revenues

General. California community college districts (other than Basic Aid districts, as described below) receive, on average, approximately 52% of their funds from the State, 44% from local sources, and 4% from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which is less than 3%), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

A bill passed the State's legislature ("SB 361"), and signed by the Governor on September 29, 2006, established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit FTES in each district.

SB 361 also specifies that, commencing with the 2006-07 fiscal year the minimum funding per FTES will be: (a) not less than \$4,367 per credit FTES (subject to cost of living adjustments funded through the budget act in subsequent fiscal years); (b) at a uniform rate of \$2,626 per noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years); and (c) set at \$3,092 per FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years) for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. Pursuant to SB 361, the Chancellor of the California Community Colleges (the "Chancellor") developed criteria for one-time grants for districts that would have received more funding under the prior system or a proposed rural college access grant, than under the new system.

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected from within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. 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.

"Basic Aid" 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. Basic Aid districts do not receive any funds from the State. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts 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 Basic Aid 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.

Tax Shifts and Triple Flip

Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and schools, including community college districts. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to \$135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues. It is expected that the swap of sales taxes for property taxes would terminate once the deficit financing bonds are repaid.

Budget Procedure

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

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

The following table shows the District's general fund budgets for fiscal years 2009-10 through 2011-12, the District's actual results for fiscal years 2009-10 and 2010-11 and projected totals for fiscal year 2011-12. For further information, see "APPENDIX A – EXCERPTS FROM THE 2010-11 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT."

COMPARISON OF GENERAL FUND BUDGETS AND ACTUAL RESULTS
Fiscal Years 2009-10 through 2011-12
Foothill-De Anza Community College District

	Adopted Budget 2009-10⁽¹⁾	Actual 2009-10⁽¹⁾	Adopted Budget 2010-11⁽¹⁾	Actual 2010-11⁽¹⁾	Adopted Budget 2011-12⁽¹⁾	Projected Totals 2011-12⁽²⁾
REVENUES:						
Federal Revenues	\$4,647,451	\$6,345,971	\$5,490,746	\$5,242,644	\$2,189,316	\$2,662,114
State Revenues	91,413,381	83,091,347	78,526,158	88,300,334	76,174,702	71,451,670
Local Revenues	<u>118,879,258</u>	<u>127,272,819</u>	<u>127,647,571</u>	<u>123,605,341</u>	<u>123,494,704</u>	<u>124,841,516</u>
TOTAL REVENUES	214,940,090	216,710,137	211,664,475	217,148,319	201,858,722	198,955,300
EXPENDITURES:						
Academic Salaries	88,361,765	84,179,903	88,900,519	84,728,671	86,466,984	85,676,150
Classified Salaries	50,218,725	49,696,286	46,967,493	48,020,990	45,228,449	45,399,680
Employee Benefits	49,669,205	47,434,937	44,333,741	42,091,246	45,176,401	45,395,423
Supplies and Materials	4,302,697	4,142,337	4,381,727	4,287,134	4,335,407	7,417,110
Other Operating Expenses and Services	38,533,818	22,869,391	39,697,151	23,389,460	38,650,583	26,192,824
Capital Outlay	<u>1,341,664</u>	<u>468,985</u>	<u>610,536</u>	<u>570,993</u>	<u>897,101</u>	<u>972,720</u>
TOTAL EXPENDITURES	232,427,874	208,791,839	224,891,167	203,088,494	220,754,925	211,053,908
Excess of Revenues Over/ (Under) Expenditures (Uses)	(17,487,784)	7,918,298	(13,226,692)	14,059,825	(18,896,203)	(12,098,608)
Other Financing Sources	7,019,161	10,270,913	6,847,976	7,053,055	5,934,840	6,224,765
Other Outgo	(11,071,028)	(14,455,412)	(10,038,915)	(11,119,853)	(10,184,264)	(10,406,508)
Net Increase/(Decrease) in fund Balance	(21,539,651)	3,733,799	(16,417,631)	9,993,027	(23,145,627)	(16,280,351)
FUND BALANCE, BEGINNING OF YEAR	43,532,998	43,532,998	47,266,797	47,266,797	57,259,824	57,259,823
Prior Years Adjustments	--	--	--	--	--	--
ADJUSTED BEGINNING BALANCE	<u>43,532,998</u>	<u>43,532,998</u>	<u>47,266,797</u>	<u>47,266,797</u>	<u>57,259,824</u>	<u>57,259,823</u>
FUND BALANCE, END OF YEAR	<u>\$21,993,347</u>	<u>\$47,266,797</u>	<u>\$30,849,166</u>	<u>\$57,259,824</u>	<u>\$34,114,197</u>	<u>\$40,979,472</u>

⁽¹⁾ General fund budget and unaudited actual results from the District's Annual Financial and Budget Reports, Form CCFS-311.

⁽²⁾ Projected fiscal year 2011-12 results as of December 31, 2011.

Source: The District.

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

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

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

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

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

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

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

State Assistance

California community college districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Senate Bill 70. On March 24, 2011, the Governor signed into law Senate Bill 70 ("SB 70"), which implements several provisions included in the Governor's proposed budget for fiscal year 2011-12 (the "2011-12 Proposed State Budget"). Significant features of SB 70 relating to the funding of community college districts include the following:

- SB 70 raises minimum student fees from \$26 per credit to \$36 per credit.
- SB 70 extends, for an additional two fiscal years, existing flexibility options available to community college districts with respect to the use of specified categorical program funding for any general education purpose.
- SB 70 authorizes several new cross-fiscal year deferrals of State apportionments, as follows: (1) \$21.5 million to be deferred from January to October, (2) \$21.5 million to be deferred from February to October, (3) \$43 million to be deferred from March to October, (4) \$21.5 million to be deferred to from April to October, and (5) \$21.5 million to be deferred from May to October. Together with existing intra-fiscal year deferrals totaling \$221.5 million, the total amount of State apportionment deferred across fiscal years is \$961 million. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – State Cash Management Legislation."
- With respect to the existing \$221.5 million June-to-July deferral, SB 70 implements hardship provisions for certain community college districts. Up to \$52 million of such deferral may be paid out in June to community college districts that certify they will be unable to meet their financial obligations absent receipt of the apportionment.
- SB 70 authorizes the State Director of Finance to adjust the State's Proposition 98 calculation to ensure that any shift in property taxes previously received by redevelopment agencies does not affect the State's minimum funding obligations under Proposition 98.

The full text of SB 70 is available at <http://www.leginfo.ca.gov/bilinfo.html>. However, such information is not incorporated herein by any reference.

2011-12 Budget. The 2011-12 Budget Act (the “2011-12 Budget”) was signed into law by the Governor on June 30, 2011. The Department of Finance has released its summary of the 2011-12 Budget (the “Department of Finance Report”). The following information is drawn from the Department of Finance Report.

The 2011-12 Budget seeks to close the deficit identified in the May Revision through a combination of measures totaling \$27.2 billion. Specifically, the 2011-12 Budget includes \$15 billion of expenditure reductions, \$900 million of targeted revenue increases, \$2.9 billion of other measures and a positive adjustment to the State’s revenue outlook totaling \$8.3 billion.

The 2011-12 Budget reports that the State economy has continued to improve, with tax collections approximately \$1.2 billion above the amounts projected by the May Revision. As a result, the 2011-12 Budget projects an additional \$4 billion in revenues during fiscal year 2011-12. Although the 2011-12 Budget does not include any of the Governor’s proposed tax extensions, the administration states that it plans to seek voter approval of a ballot measure, by November of 2012, which would protect public safety realignment and supplement the State’s revenues.

With the implementation of all measures, the 2011-12 Budget assumes, for fiscal year 2010-11, year-end revenues of \$94.8 billion and expenditures of \$91.5 billion. The 2011-12 Budget also assumes the State ended fiscal year 2010-11 with a budget deficit of \$2 billion. For fiscal year 2011-12, the 2011-12 Budget projects total revenues of \$88.5 billion and authorizes total expenditures of \$85.9 billion. The 2011-12 Budget projects that the State will end fiscal year 2011-12 with a \$543 million surplus.

The 2011-12 Budget also includes a series of “trigger” reductions that are authorized to be implemented in the event the State’s revenues are less than forecasted. The first series of reductions, totaling approximately \$600 million, would be implemented by January of 2012 if State revenues fall short of projections by more than \$1 billion. If by January of 2012 revenues are projected to fall short by more than \$2 billion, a second series of reductions totaling approximately \$1.9 billion would be implemented.

As part of the first series of “trigger” reductions, the 2011-12 Budget authorizes a reduction of \$30 million to community college apportionments which would be offset by a \$10 increase in per-credit student fees. As part of the second series of “trigger” reductions, the 2011-12 Budget authorizes a further reduction of \$72 million to community college apportionments.

With respect to the District, the first tier of trigger reductions represents a potential apportionment reduction equal to \$1,061,130. The second tier of trigger reductions represents a potential apportionment reduction equal to \$2,546,713. On December 13, 2011, the Department of Finance released its revised revenue projections for fiscal year 2011-12 which indicated that all of the trigger reductions affecting community college districts would be implemented. See “- Department of Finance Revenue Forecast” herein. In addition, the State has indicated there will be a deficit coefficient applied to funding for statewide enrollment fee shortfall. This would result an additional reduction of approximately \$3,200,000 for the District.

Total Proposition 98 funding is decreased in fiscal year 2011-12 to \$48.7 billion, including \$32.8 billion from the State general fund, which reflects a decrease from the prior year of \$1.1 billion. This decrease is a net figure reflective of all budgetary actions taken with respect to the State’s share of Proposition 98 funding, including increases in baseline revenues, redirection of certain sales tax revenues related to the realignment of public safety programs, and the rebenching of the Proposition 98 minimum funding guarantee (discussed below). The 2011-12 Budget implements a net reduction of \$419 million to State general fund apportionments for community colleges resulting from a base reduction of \$400

million and a new deferral of \$129 million, both of which are offset by \$110 million in projected funding from increased student fees.

The 2011-12 Budget rebenchs the Proposition 98 minimum funding guarantee to account for the following: (i) an increase of \$221.8 million, as part of the realignment of public programs from the State to local governments, to fund the delivery of certain mental health services by school districts, (ii) an increase of \$578.1 million to backfill general fund revenues lost from the suspension of sales and excise taxes on motor vehicle fuels, and (iii) a decrease of \$1.1 billion to reflect the exclusion of most child care programs from Proposition 98. The minimum funding guarantee is also rebenchd to account for a \$1.7 billion decrease in State general fund revenues as a result of ABx1 27, a companion bill to the 2011-12 Budget. ABx1 27 authorizes redevelopment agencies to continue operations provided their establishing cities or counties agree to make a specified payment to school districts and county offices of education, which totals \$1.7 billion statewide. Pursuant to ABx1 26 (another companion bill to the 2011-12 Budget), redevelopment agencies whose establishing cities or counties elect not to make such payments will be required to shut down, and any net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. Following litigation challenging the constitutionality of both ABx1 26 and ABx1 27, the Supreme Court of California invalidated provisions of ABx1 27. See “- Recent Litigation Regarding State Budgetary Provisions” below.

Additional information regarding the 2011-12 Budget is available from the Department of Finance’s website: www.dof.ca.gov. However, such information is not incorporated herein by any reference.

Recent Litigation Regarding State Budgetary Provisions. On July 18, 2011, the California Redevelopment Association, the League of California Cities, and the Cities of Union City and San Jose filed petition for a writ of mandate (the “CRA Petition”) with the Supreme Court of California alleging that ABx1 26 and ABx1 27 violate the California Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22.” The petitioners alleged, among other things, that ABx1 26 and ABx1 27 seek to illegally divert tax increment revenue from redevelopment agencies by threatening such agencies with dissolution if payments are not made to support the State’s obligation to fund education. The CRA Petition was accompanied by an application for a stay seeking to delay implementation of the provisions of ABx1 26 and ABx1 27 until the claims are adjudicated. On December 29, 2011, the Supreme Court upheld the legality of ABx1 26, reasoning that the Legislature has broad powers to establish or dissolve local agencies as it sees fit. The Court, however, invalidated ABx1 27 on the grounds that the payments required of redevelopment agencies in order to remain in existence could not be characterized as voluntary, and thus violated Proposition 22.

On September 28, 2011, the California School Boards Association, the Association of California School Administrators, the Los Angeles Unified School District, the San Francisco Unified School District and the Turlock Unified School District filed a petition for a writ of mandate in the Superior Court of the State of California in and for the County of San Francisco (the “CSBA Petition”). The petitioners allege that the 2011-12 Budget improperly diverted sales tax revenues away from the State general fund, resulting in a reduction to the minimum funding guarantee of approximately \$2.1 billion. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance – 2011-12 Budget.” The CSBA Petition seeks an order from the Court compelling the State Director of Finance, Superintendent of Public Instruction and the State Controller to recalculate the minimum funding guarantee in accordance with the provisions of the California Constitution.

The District makes no representations regarding the viability of the claims in either the CRA Petition or the CSBA Petition, nor with respect to the CSBA Petition can the District predict whether any of the respective petitioners will be successful. Moreover, the District makes no representations as to how any final decision by the respective courts would affect the State's ability to fund education in fiscal year 2011-12, or in future fiscal years.

Fiscal Outlook Report. On November 16, 2011, the LAO released a report entitled "The 2012-13 Budget: California's Fiscal Outlook" (the "Fiscal Outlook Report"), which includes updated expenditure and revenue projections for fiscal year 2011-12. The following information has been adapted from the Fiscal Outlook Report.

The Fiscal Outlook Report provides the LAO's projections of the State's General Fund revenues and expenditures for fiscal years 2011-12 through 2016-17 under current law, absent any actions to close the projected State budgetary deficit, as further discussed below. The LAO's projections primarily reflect current-law spending requirements and tax provisions, while relying on the LAO's independent assessment of the outlook for the State's economy, demographics, revenues, and expenditures.

The LAO currently forecasts total State revenues of \$84.8 billion, approximately \$3.7 billion less than the \$88.5 billion figure included in the 2011-12 Budget. The LAO also forecasts total expenditures of \$85.3 billion, slightly below the \$85.9 billion included in the 2011-12 Budget. Absent corrective action, the LAO estimates that the State will face a projected year-end deficit of approximately \$3 billion, as compared to the \$543 million year-end surplus assumed by the 2011-12 Budget.

The LAO's estimates with respect to fiscal year 2011-12 are informed in part by the following:

- As a result of the revised revenue forecast, the LAO assumes the implementation of \$2 billion in midyear "trigger" reductions, as required by the 2011-12 Budget. This includes the implementation of all first tier trigger reductions, totaling \$600 million. The LAO also assumes the implementation of approximately \$1.4 billion of second tier trigger reductions, including a \$248 million reduction in home-to-school transportation funding, a \$72 million reduction to community college apportionments, and a \$1.1 billion reduction to K-12 revenue limit funding. The reduction to revenue limit funding reflects a pro-rated implementation of the second tier trigger reductions, based on the LAO's revenue forecast. The final extent of the reductions are determined upon the release of the Department of Finance's December 2011 revenue forecast. See "- Department of Finance Revenue Forecast."
- The LAO's forecast generally assumes that the State will prevail in current, on-going litigation regarding certain provisions of the 2011-12 Budget. See "- Recent Litigation Regarding State Budgetary Provisions" above. However, the LAO assumes that the State will only realize \$1.4 billion of additional general fund revenues from the elimination of redevelopment agencies, rather than the \$1.7 billion figure included in the 2011-12 Budget.
- The Fiscal Outlook Report does not assume the passage of the Governor's proposed tax extensions at the November 2012 election. The LAO notes that, under the provisions of the 2011-12 Budget, if no such ballot measure is passed, the State would be required to provide an additional \$2 billion of settle-up payments to K-12 education, reflecting a like increase to the Proposition 98 minimum funding guarantee for fiscal year 2011-12.

- The LAO also assumes (i) higher Medi-Cal costs of approximately \$400 million, and (ii) that the State will be unable to reduce departmental costs by \$250 million, as projected by the 2011-12 Budget.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Department of Finance Revenue Forecast. On December 13, 2011, the Department of Finance released its revised revenue forecast for fiscal year 2011-12. The Department of Finance currently estimates total State revenues of \$86.2 billion, or approximately \$2.2 billion lower than the total revenues projected by the 2011-12 Budget. As such, the State Director of Finance has implemented most of the “trigger” reductions approved by the 2011-12 Budget. Specifically, the Director of Finance implemented most of the first tier trigger reductions, totaling \$581 million, including reductions to community college apportionments (\$30 million) and Proposition 98 funding for child care (\$5.9 million). The Director of Finance also implemented the second tier trigger reductions to community college apportionments (\$72 million), and home-to-school transportation funding (\$248 million). Significantly, the Director of Finance elected not to implement the bulk of the \$1.5 billion second tier reduction to school district revenue limit funding, limiting it to \$79.6 million.

Additional information regarding the Department of Finance revenue forecast may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Proposed 2012-13 Budget. On January 5, 2012, the Governor released his proposed State budget for fiscal year 2012-13 (the “Proposed Budget”). On January 11, 2012, the LAO released its summary of the Proposed Budget. The following information is drawn from the LAO’s summary.

The Proposed Budget estimates that, absent corrective action, the State will end 2011-12 with a total deficit of \$4.1 billion. For fiscal year 2012-13, the Proposed Budget projects that State expenditures will exceed baseline revenues by approximately \$5.1 billion, bringing the total deficit to \$9.2 billion.

To bridge the gap, the Proposed Budget includes \$10 billion of proposed measures affecting both fiscal years 2011-12 and 2012-13. These measures include \$4 billion of expenditure reductions, \$4.6 billion of revenue increases, and \$1.4 billion of other solutions. With the implementation of all measures, the Proposed Budget assumes, for fiscal year 2011-12, year-end revenues of \$85.5 billion and expenditures of \$86.5 billion. The State is also projected to end fiscal year 2011-12 with a budget deficit of \$1.7 billion. For fiscal year 2012-13, the Proposed Budget projects total available revenues of \$94.4 billion and would authorize total expenditures of \$92.6 billion. The State is also projected to end the year with a \$1.1 billion reserve. As with the 2011-12 Budget, the Proposed Budget assumes an accelerated approval process with a target date of March 1 for the Legislature to approve some or all of the Governor’s proposals.

The LAO notes that the cornerstone of the Proposed Budget is voter approval of temporary tax increases at the November 2012 election. The Governor proposes to increase personal income tax (“PIT”) rates on the State’s wealthiest taxpayers by 1%, 1.5% or 2%, depending on filing status and total income, as well as temporary increase of the State sales and use tax by 0.5%. These tax increases are projected to generate an additional \$2.2 billion in fiscal year 2011-12 and \$4.7 billion in fiscal year 2012-13.

The Proposed Budget would also authorize \$5.4 billion in trigger cuts, to be implemented if these proposed tax increases are rejected by the voters. The trigger cuts include (i) a total reduction to the

Proposition 98 minimum funding guarantee of \$4.8 billion (including \$2.4 billion in programmatic funding), (ii) a \$200 million reduction to each of the University of California and California State University systems, (iii) a \$125 million reduction to State courts, (iv) a \$15 million reduction to the Department of Forestry and Fire Protection, (v) a \$7 million reduction to Department of Water Resources flood control programs, (vi) a \$1 million reduction to Department of Justice law enforcement programs, and (vii) unallocated reductions to the Department of Fish and Game (\$4 million) and Department of Parks and Recreation (\$2 million). If implemented, these cuts would become effective as of January 1, 2013.

Assuming the passage of the Governor's tax proposals, the Proposition 98 minimum funding guarantee for fiscal year 2011-12 would be set at \$47.6 billion, including \$32.6 billion from the State general fund. For fiscal year 2012-13, the Proposed Budget would set total Proposition 98 funding at \$52.5 billion, including \$37.5 billion from the State general fund. This would represent a net increase of \$4.9 billion (or 10%) from the prior year.

To arrive at these funding levels, the Proposed Budget makes a permanent adjustment, or "rebenching," to the Proposition 98 minimum funding guarantee to reflect a \$1 billion increase in local property taxes resulting from the elimination of redevelopment agencies pursuant to ABx1 26. These increased property taxes would offset State general fund expenditures on K-14 education. The minimum funding guarantee would also be decreased by \$544 million, primarily by reversing the existing policy that holds the minimum funding guarantee harmless from the elimination of the sales tax on gasoline.

Significant features of the Proposed Budget as it relates to the funding of education include the following:

- *Apportionment Deferral Reduction.* The Proposed Budget would provide an increase of \$218.3 million of funding in fiscal year 2012-13 to partially restore State apportionment funding that is currently subject to deferrals. The Proposed Budget indicates that this increase is contingent on the approval of the Governor's proposed tax increases.
- *Cost-of-Living Adjustment; Enrollment Growth.* The Proposed Budget would not provide a cost-of-living adjustment for any K-14 program during fiscal year 2012-13. The Proposed Budget would also provide no enrollment growth funding for community college districts.
- *Program Flexibility.* The Proposed Budget would provide flexibility for community college districts to use almost all categorical program funding for any educational purpose. Under the Proposed Budget, only three programs—Disabled Students, Foster Care Education, and Telecommunications and Technology Services—would remain restricted.
- *K-14 Mandates.* The Proposed Budget also includes a proposal to eliminate 31 of 57 existing K-14 educational mandates. The remaining 26 educational mandates will be funded through a new \$200 million block grant, composed of \$178 million in funding for school districts and \$22 million for community college districts. Districts that choose to receive this funding would receive a per-student allocation. The Proposed Budget indicates that an auditing and compliance process will be established to ensure grant recipients undertake the required activities.

The LAO expresses concern regarding several features of the Proposed Budget. The LAO notes that the Proposed Budget's baseline revenue projections are higher than those calculated by the LAO as part of its November 2011 revenue forecast. See "- Fiscal Outlook Report" above. Specifically, the Proposed Budget projects \$1.5 billion more of such revenues in 2011-12, and \$3.2 billion more in 2012-13. The LAO indicates that this variance is due largely to differences in how the LAO and the Department of Finance project PIT collections from high-income taxpayers. Accordingly, the LAO indicates that the Proposed Budget may overstate growth in State revenues in future years, including the projected revenue growth that would result from the Governor's proposed tax increases. With respect to fiscal year 2012-13, the LAO projects that these proposed tax increases would generate \$2.1 billion less than what is assumed by the Proposed Budget.

The LAO also expresses concerns regarding the uncertainty generated by the proposed trigger cuts to education funding. The LAO notes that school districts and community college districts have limited ability to downsize operations midyear, and as such would likely be unable to bear the brunt of the proposed trigger reductions. Districts will therefore be compelled to adopt budgets that assume the trigger reductions are implemented, resulting in the overall programmatic reductions the Proposed Budget seeks to avoid.

Additional information regarding the Proposed Budget is available from the LAO's website: www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Future Budgets and Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the current State budget deficit, changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools. Continued State budget shortfalls in future fiscal years could have an adverse financial impact on the State general fund budget. However, the obligation to pay *ad valorem* taxes upon all taxable property within the District for the payment of principal, and interest on the Bonds would not be impaired.

THE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the Principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable only from the proceeds of an ad valorem tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment."

Introduction

The Foothill-De Anza Community College District (the "District") was established on January 15, 1957 and encompasses an approximately 105 square mile area in Santa Clara County (the "County"). The District is located in Los Altos Hills, in the heart of the Silicon Valley, and serves local communities in Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Sunnyvale and portions of San Jose. The District operates two community colleges, Foothill College and De Anza College, which provide collegiate-level instruction across a wide spectrum of subjects for associate degrees, career and technical training, and transfer to four-year institutions.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. 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>
Joan Barram	President	December 2012
Laura Casas Frier	Vice President	December 2012
Betsy Bechtel	Member	December 2012
Pearl Cheng	Member	December 2014
Bruce Swenson	Member	December 2014

The Chancellor of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. Linda M. Thor is the District's current Chancellor. Brief biographies of key administrators follow:

Dr. Linda M. Thor, Chancellor. Dr. Thor was appointed Chancellor of the District in February 2010. Prior to her appointment, she served as President of Rio Salado College in Arizona for 20 years. She has also served as President of West Los Angeles College for four and a half years. Dr. Thor holds a B.A. degree in Journalism from Pepperdine University, an M.P.A. from California State University, Los Angeles and an Ed.D. in Community College Administration from Pepperdine University.

Kevin McElroy, Vice Chancellor, Business Services. Mr. McElroy joined the District as Vice Chancellor, Business Services in August 2010. Prior to this appointment, he served as the Vice President of Administrative Services for Coastline College. He has worked in private business prior to his career in post-secondary education. Mr. McElroy obtained his B.A. in Public Administration from San Diego State University and a master's degree in Public Policy and Administration from California State University, Long Beach.

Hector Quiñonez, Controller. Mr. Hector Quiñonez has been with the District for over 22 years. Prior to joining the District, Mr. Quiñonez served on the audit staff of KPMG Peat Marwick and subsequently worked in various accounting and controllership positions within the high technology industry. Mr. Quiñonez is a Certified Public Accountant and holds a B.S. degree in Accounting from San Jose State University.

Bernata Slater, Director, Budget Operations. Ms. Slater has been with the District for over 17 years. Prior to joining the District in 1995, Ms. Slater worked as a senior accountant for National Industry Extension Services in Sydney, Australia. Ms. Slater holds a B.S. degree in Accounting and an MBA in Finance from San Jose State University.

Enrollment

The following table shows the District's full-time equivalent students ("FTES") for the last ten fiscal years, along with projected FTES for the current fiscal year:

<u>Year</u>	<u>FTES</u>
2001-02	36,394
2002-03	35,539
2003-04	35,928
2004-05	34,066
2005-06	35,494
2006-07	35,779
2007-08	37,364
2008-09	38,570
2009-10	37,056
2010-11	34,646
2011-12 ⁽¹⁾	33,169

⁽¹⁾ Projected.

Source: The District.

Labor Relations

As of January 1, 2012, the District employed 521 full-time certificated professionals and 457 full-time classified employees and managers in addition to 912 part-time faculty and staff. These employees, except management and some part-time employees, are represented by five bargaining units as noted below:

LABOR RELATIONS ORGANIZATIONS Foothill-De Anza Community College District

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
Foothill-De Anza Faculty Association	1,433	June 30, 2013
ACE	420	October 31, 2011 ⁽¹⁾
CSEA Local 96	98	December 31, 2012
Teamsters Local 287	40	June 30, 2013
Operation Engineers - 3	7	December 31, 2012

⁽¹⁾ Contract under negotiation.

Source: The District.

Retirement Programs

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.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contribute 8% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 2.541% of teacher payroll.

The District's contribution to STRS was \$5,556,997 in fiscal year 2008-09, \$5,428,107 in fiscal year 2009-10, \$5,433,697 in fiscal year 2010-11 and is projected to be \$5,375,000 in fiscal year 2011-12.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provision are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 10.923% of eligible salary expenditures for fiscal year 2011-12, while participants contribute 7% of their respective salaries.

The District's contribution to PERS was \$4,896,890 in fiscal year 2008-09, \$5,008,652 in fiscal year 2009-10, \$5,442,173 in fiscal year 2010-11 and is projected to be \$5,533,000 in fiscal year 2011-12.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
As of a June 30, 2010 Valuation Date
(Dollar Amounts in Millions) ⁽¹⁾

<u>Plan</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets</u>	<u>Unfunded Liability</u>
Public Employees Retirement Fund (PERS)	\$55,307	\$38,435 ⁽²⁾	\$(16,872)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	196,315	140,291 ⁽³⁾	(56,024)

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ Reflects market value of assets as of June 30, 2010.

⁽³⁾ Reflects actuarial value of assets as of June 30, 2010.

Source: CalPERS State & Schools Actuarial Valuation; CalSTRS Defined Benefit Program Actuarial Valuation.

Unlike PERS, STRS contribution rates for participant employers, employees and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. This unfunded liability is expected to continue to increase in the absence of legislation requiring additional or increased contributions. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

Other Post-Employment Benefits

The District provides post-employment health care benefits to employees hired prior to July 1, 1997 and who retire from the District and meet the specific eligibility requirements set forth in their prospective employment contracts. The District pays health care insurance premiums to maintain the level of coverage enjoyed by the retiree immediately preceding retirement up to age 65. After Medicare coverage begins, such benefits become supplemental to Medicare.

The District established an Other Post-Employment Benefits ("OPEB") plan in the fiscal year ended June 30, 2007. The OPEB plan is a single-employer defined benefit healthcare plan administered by the California Employers' Retirement Benefit Trust ("CERBT") through the California Public Employees' Retirement System. The CERBT serves as an irrevocable trust, into which the District has deposited amounts in respect of its obligations to pay for post-employment health care benefits. As of November 7, 2009, the actuarial accrued liability in respect of such benefits was \$106,692,763. For fiscal year 2010-11, the District contributed \$9,588,716 in respect of such benefits to the plan, of which \$7,280,595 was the actuarially determined annual required contribution.

As of June 30, 2011, the District's financial statements reflected a net asset (rather than a net obligation) in respect of such benefits of \$6,096,721. See Note 9 to the fiscal year 2010-11 audited financial statements of the District included as Appendix A hereto.

Insurance

The District carries excess insurance through its participation as a member district of the Schools Excess Liability Fund ("SELF"), which covers workers' compensation claims between \$500,000 and \$10,000,000. The estimate of incurred but not reported and reported claims is actuarially determined based upon historical experience and actuarial assumptions. The District carries insurance for workers' compensation claims also through SELF up to \$1,000,000 per incident for each employee.

The District is also self-insured for health care claims of employees participating in the District's health care plans. The District carries stop loss insurance to limit its aggregate liability to 125% of the expected paid claims and its individual claim liability limit to \$100,000 per care year.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. The Governmental Accounting Standards Board ("GASB") has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between \$10 million and \$100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

Pursuant to applicable guidance from GASB, the District's financial statements present a comprehensive, entity-wide perspective of the District's assets, liabilities, and cash flows rather than the fund-group perspective previously required. The table on the following page displays the District's revenues, expenses and changes in net assets for fiscal years 2007-08 through 2010-11.

**STATEMENT OF TOTAL REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES
Fiscal Years 2007-08 through 2010-11⁽¹⁾
Foothill-De Anza Community College District**

	Audited Actuals <u>2007-08</u>	Audited Actuals <u>2008-09</u>	Audited Actuals <u>2009-10</u>	Audited Actuals <u>2010-11</u>
OPERATING REVENUES				
Tuition and Fees (gross)	\$36,770,274	\$41,913,565	\$48,292,399	\$50,109,849
Less: Scholarship discount and allowances	<u>(3,179,314)</u>	<u>(3,713,665)</u>	<u>(5,893,170)</u>	<u>(7,020,454)</u>
Net tuition and fees	33,590,960	38,199,900	42,399,229	43,089,395
Grants and Contracts, non-capital:				
Federal	13,005,322	16,237,767	24,550,627	26,071,371
State	16,324,985	15,756,073	12,235,488	13,824,642
Local	3,471,759	2,038,146	1,879,984	1,525,796
Auxiliary enterprise sales and charges	14,441,355	14,904,490	14,355,650	13,206,831
Interest on student loans	72,504	41,882	30,081	--
Other operating receipts	<u>19,655,755</u>	<u>18,630,328</u>	<u>10,961,645</u>	<u>6,851,857</u>
TOTAL OPERATING REVENUES	100,562,640	105,808,586	106,412,704	104,569,892
OPERATING EXPENSES				
Salaries	142,055,364	142,637,880	137,968,184	136,859,958
Benefits	48,954,148	42,666,870	44,180,682	40,871,710
Supplies, materials and other operating expenses and services	60,336,311	59,022,274	56,793,558	41,758,337
Student financial aid	--	--	--	22,013,966
Utilities	4,297,312	4,677,095	3,962,452	3,432,666
Depreciation	<u>19,779,955</u>	<u>21,564,238</u>	<u>21,960,667</u>	<u>24,964,864</u>
TOTAL OPERATING EXPENSES	275,423,090	270,568,357	264,865,543	269,901,501
LOSS FROM OPERATIONS	(174,860,450)	(164,759,771)	(158,452,839)	(165,331,609)
NON-OPERATING REVENUES (EXPENSES)				
State apportionments, non-capital	84,655,658	82,785,879	67,599,547	71,274,649
Local property taxes	65,696,738	71,617,513	76,655,175	72,209,653
State taxes and other revenues	5,256,462	5,207,424	5,482,326	5,192,761
Investment income (loss), non-capital	7,611,000	(627,395)	192,512	(54,085)
Investment income (loss), capital	1,123,755	303,721	(3,080,901)	(306,433)
Interest income on capital asset-related debt, net	<u>(23,443,101)</u>	<u>(27,646,040)</u>	<u>(27,204,184)</u>	<u>(28,472,727)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	140,900,512	131,641,102	119,644,475	119,843,818
LOSS BEFORE CAPITAL REVENUES	(33,959,938)	(33,118,669)	(38,808,364)	(45,487,791)
CAPITAL REVENUES				
State apportionment, capital	7,649,690	1,650,000	353,164	--
Local property taxes and revenues	<u>14,952,336</u>	<u>15,291,782</u>	<u>34,113,408</u>	<u>35,612,475</u>
TOTAL CAPITAL REVENUES	22,602,026	16,941,782	34,466,572	35,612,475
INCREASE (DECREASE) IN NET ASSETS	(11,357,912)	(16,176,887)	(4,341,792)	(9,875,316)
NET ASSETS – AS PREVIOUSLY REPORTED	168,265,098	137,152,265	120,975,378	109,076,834
RESTATEMENT	(19,754,921)	--	(7,556,752)	--
NET ASSETS, – AS RESTATED	<u>148,510,177</u>	<u>137,152,265</u>	<u>113,418,626</u>	<u>109,076,834</u>
NET ASSETS - END OF YEAR	<u>\$137,152,265</u>	<u>\$120,975,378</u>	<u>\$109,076,834</u>	<u>\$99,201,518</u>

⁽¹⁾ For Fiscal year 2011-12 projected fiscal year end results, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Budget Procedure."

Source: The District.

District Debt Structure

Long-Term Debt. A schedule of the District's general long-term debt as of May 1, 2011, is shown below:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Bonds and Notes Payable	\$522,917,442	\$192,844,533	\$13,055,000	\$702,706,975
General Obligation Bonds	<u>23,450,000</u>	<u>--</u>	<u>2,235,000</u>	<u>21,215,000</u>
Certificates of Participation	546,367,442	192,844,533	15,290,000	723,921,975
Total Bonds and Notes Payable				
Other Liabilities				
Compensated Absences	1,922,800	27,128	--	1,949,928
Capital Leases	3,348,097	--	465,453	2,882,644
Claims Liability	<u>5,136,857</u>	<u>91,644</u>	<u>50,928</u>	<u>5,177,573</u>
Total Other Liabilities	<u>10,407,754</u>	<u>118,772</u>	<u>516,381</u>	<u>10,010,145</u>
Total Long-Term Debt	<u>\$556,775,196</u>	<u>\$192,963,305</u>	<u>\$15,806,381</u>	<u>\$733,932,120</u>

Source: The District.

General Obligation Bonds. The District received authorization at an election held on November 2, 1999 (the "1999 Authorization") to issue not to exceed \$248,000,000 of general obligation bonds. On May 18, 2000, the District's Election of 1999 General Obligation Bonds, Series A (the "1999 Series A Bonds") were issued in the aggregate principal amount of \$99,995,036.05. On October 17, 2002, the District's 2002 General Obligation Refunding Bonds (the "2002 Refunding Bonds") were issued in the aggregate principal amount of \$67,475,000, in order to refund a portion of the 1999 Series A Bonds. On September 23, 2003, the District's Election of 1999 General Obligation Bonds, Series B (the "1999 Series B Bonds") were issued in the aggregate principal amount of \$90,100,062.75. On October 4, 2005, the District issued (i) its final series of bonds under the 1999 Authorization, the Election of 1999 General Obligation Bonds, Series C (the "1999 Series C Bonds"), in the aggregate principal amount of \$57,904,900.25 and (ii) its 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds") in the aggregate principal amount of \$22,165,000.00, in order to refund a portion of the 1999 Series B Bonds. On May 10, 2007, the District issued (i) its Election of 2006 General Obligation Bonds, Series A (the "2006 Series A Bonds"), in the aggregate principal amount of \$149,995,250.35 and (ii) its Election of 2006 General Obligation Bonds, Series B (the "2006 Series B Bonds"), in the aggregate principal amount of \$99,996,686.15. On June 9, 2011 the District issued its Election of 2006 General Obligation Bonds, Series C (the "2006 Series C Bonds") in the aggregate principal amount of \$184,000,000.

The table on the following page summarizes the total debt service requirements for the District's outstanding general obligation bonded debt, following the issuance of the Bonds.

GENERAL OBLIGATION BONDS – CONSOLIDATED DEBT SERVICE SCHEDULE*
Foothill-De Anza Community College District

Period Ending (August 1)	1999 Series A	2002 Refunding ⁽¹⁾	1999 Series B ⁽¹⁾	1999 Series C ⁽¹⁾	2005 Refunding	2006 Series A ⁽¹⁾	2006 Series B ⁽¹⁾	2006 Series C	2012 Refunding	Total Annual Debt Service
2012	--	\$6,240,468.76	\$2,636,770.00	\$2,345,150.00	\$1,155,525.00	\$6,539,525.00	\$4,381,025.00	\$10,528,888.89		
2013	--	6,572,768.76	2,816,920.00	2,451,250.00	1,155,525.00	6,801,775.00	4,559,525.00	9,200,000.00		
2014	--	6,916,406.26	3,006,170.00	2,567,000.00	1,155,525.00	7,073,525.00	4,742,525.00	9,200,000.00		
2015	\$4,520,000.00	2,747,406.26	827,370.00	2,745,250.00	3,485,525.00	7,353,525.00	4,929,275.00	9,200,000.00		
2016	4,880,000.00	2,744,156.26	3,562,370.00	2,822,500.00	1,033,200.00	7,650,525.00	5,129,025.00	9,200,000.00		
2017	5,255,000.00	2,745,606.26	712,500.00	3,018,250.00	4,063,200.00	7,957,775.00	5,330,525.00	9,200,000.00		
2018	5,635,000.00	2,746,206.26	712,500.00	3,176,250.00	4,314,125.00	8,273,775.00	5,548,025.00	9,200,000.00		
2019	6,025,000.00	2,746,406.26	712,500.00	3,347,750.00	4,583,525.00	8,602,025.00	5,770,025.00	9,200,000.00		
2020	6,425,000.00	2,745,887.50	712,500.00	3,521,500.00	4,879,300.00	8,950,775.00	5,995,525.00	9,200,000.00		
2021	3,525,000.00	6,059,625.00	712,500.00	3,711,750.00	5,188,825.00	9,307,775.00	6,238,525.00	9,200,000.00		
2022	3,850,000.00	6,160,125.00	6,302,500.00	3,847,000.00	--	9,681,275.00	6,487,275.00	9,200,000.00		
2023	4,180,000.00	6,261,625.00	6,662,100.00	4,064,250.00	--	10,064,025.00	6,750,525.00	9,200,000.00		
2024	4,530,000.00	6,363,375.00	7,035,000.00	4,294,250.00	--	10,469,025.00	7,016,525.00	9,200,000.00		
2025	4,905,000.00	6,452,000.00	7,435,000.00	4,544,250.00	--	10,888,525.00	7,299,025.00	9,200,000.00		
2026	5,290,000.00	6,538,750.00	7,860,000.00	4,814,250.00	--	11,325,025.00	7,591,025.00	9,200,000.00		
2027	5,680,000.00	6,629,250.00	8,320,000.00	5,099,250.00	--	11,775,775.00	7,895,775.00	9,200,000.00		
2028	6,105,000.00	6,707,500.00	8,805,000.00	5,394,250.00	--	12,244,525.00	8,208,775.00	9,545,000.00		
2029	6,550,000.00	6,778,250.00	9,315,000.00	5,719,250.00	--	12,737,775.00	8,537,550.00	9,977,750.00		
2030	7,005,000.00	6,846,000.00	9,865,000.00	6,064,250.00	--	13,248,275.00	8,877,750.00	10,418,000.00		
2031	--	--	18,925,000.00	12,334,250.00	--	13,778,325.00	9,232,575.00	10,849,250.00		
2032	--	--	19,875,000.00	12,149,250.00	--	14,325,000.00	9,435,000.00	11,480,750.00		
2033	--	--	20,865,000.00	11,164,250.00	--	14,900,000.00	9,260,000.00	12,401,250.00		
2034	--	--	21,910,000.00	10,119,250.00	--	15,495,000.00	9,080,000.00	13,349,500.00		
2035	--	--	23,005,000.00	9,029,250.00	--	16,115,000.00	8,890,000.00	14,356,500.00		
2036	--	--	25,990,000.00	6,048,000.00	--	16,760,000.00	11,235,000.00	12,836,500.00		
2037	--	--	--	--	--	--	--	42,382,750.00		
2038	--	--	--	--	--	--	--	43,950,000.00		
2039	--	--	--	--	--	--	--	45,612,750.00		
2040	--	--	--	--	--	--	--	47,313,000.00		
Total	\$84,360,000.00	\$101,001,812.58	\$218,581,700.00	\$134,391,900.00	\$31,014,275.00	\$272,318,550.00	\$178,420,800.00	\$433,001,888.89		

* Preliminary, subject to change.

⁽¹⁾ Includes the Refunded Bonds. See "REFUNDING PLAN."

Source: The District.

Certificates of Participation. On October 21 1997, the District caused the execution and delivery of its Certificates of Participation (1997 Financing Project) in the aggregate principal amount of \$12,520,000 (the “1997 Certificates”). The proceeds of the sale of the 1997 Certificates were used to finance the acquisition, construction, and installation of certain electrical, technology, and air conditioning equipment and to make repairs and improvements to existing buildings.

The remaining payments with respect to the 1997 Certificates are as follows:

<u>Year Ending</u> <u>(June 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$715,000.00	\$35,750.00	\$750,750.00

On June 3, 2003, the District caused the execution and delivery of its Refunding Certificates of Participation (Series 2003) in the aggregate principal amount of \$18,275,000 (the “2003 Certificates”). The net proceeds of the sale of the 2003 Certificates were used to prepay the District’s outstanding Certificates of Participation (1993 Refunding Project).

The remaining payments with respect to the 2003 Certificates are as follows:

<u>Year Ending</u> <u>(September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$910,000.00	\$454,602.50	\$1,364,602.50
2013	940,000.00	423,662.50	1,363,662.50
2014	975,000.00	390,762.50	1,365,762.50
2015	1,015,000.00	354,687.50	1,369,687.50
2016	1,055,000.00	316,625.00	1,371,625.00
2017	1,100,000.00	274,425.00	1,374,425.00
2018	1,160,000.00	219,425.00	1,379,425.00
2019	1,210,000.00	161,425.00	1,371,425.00
2020	1,265,000.00	111,512.50	1,376,512.50
2021	<u>1,320,000.00</u>	<u>57,750.00</u>	<u>1,377,750.00</u>
Total	\$10,950,000.00	\$2,764,877.50	\$13,714,877.50

On November 15, 2006, the District caused the execution and delivery of its Certificates of Participation (2006 Financing Project) in the aggregate principal amount of \$11,335,000 (the “2006 Certificates”). The net proceeds of the sale of the 2006 Certificates were used to finance the construction and renovation of certain District facilities, including the Campus Center and the Bookstore on the District’s Foothill Campus and the Campus Center on the District’s De Anza Campus, as well as the acquisition and installation of equipment.

The remaining payments with respect to the 2006 Certificates are as follows:

<u>Year Ending (March 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$755,000.00	\$312,222.50	\$1,067,222.50
2014	785,000.00	283,772.50	1,068,772.50
2015	815,000.00	252,372.50	1,067,372.50
2016	840,000.00	221,772.50	1,061,772.50
2017	880,000.00	183,922.50	1,063,922.50
2018	915,000.00	151,362.50	1,066,362.50
2019	950,000.00	117,050.00	1,067,050.00
2020	980,000.00	80,000.00	1,060,000.00
2021	<u>1,020,000.00</u>	<u>40,800.00</u>	<u>1,060,800.00</u>
Total	\$7,940,000.00	\$1,643,275.00	\$9,583,275.00

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

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

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

The amount by which a Bond Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner’s basis in the applicable Bond (and

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

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

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. Recently, proposed legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Bonds.

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

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

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

LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (the District’s fiscal year ends on June 30), commencing with the report for the 2011-12 fiscal year (which is due not later than April 1, 2013), and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the “Rule”). The specific nature of the information to be made available and to be contained in the notices of enumerated events is described in the form of Continuing Disclosure Certificate attached hereto as Appendix C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The District has, in the past, failed to file certain of its required annual reports in a timely manner as required by its prior continuing disclosure obligations. The District has since filed such reports and is current with respect to all filings required under its existing continuing disclosure obligations.

Legality for Investment in California

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

Absence of Material Litigation

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

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

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (“TIPRA”). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as Appendix B.

Verification

Upon delivery of the Bonds, Grant Thornton LLP will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the amounts in the Escrow Fund to pay the redemption price of and accrued interest on the Refunded Bonds.

Financial Statements

Portions of the financial statements with supplemental information for the year ended June 30, 2011, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated November 18, 2011 of Vavrinek, Trine, Day & Co. LLP (the "Auditor"), are included in this Official Statement as Appendix A. In connection with the inclusion of portions of the financial statements and the report of the Auditor thereon in Appendix A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), have assigned ratings of "___" and "___," respectively, to the Bonds.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, 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 for the Bonds.

UNDERWRITING

The Bonds are being purchased by Morgan Stanley & Co. LLC as underwriter (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____, which is equal to the initial principal amount of the Bonds of \$_____, plus original issue premium of \$_____, less the Underwriter's discount of \$_____. The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

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

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effect on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

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

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

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

By _____
Vice Chancellor, Business Services

APPENDIX A

**EXCERPTS FROM THE 2010-11 AUDITED FINANCIAL
STATEMENTS OF THE DISTRICT**

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

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

[Closing Date]

Board of Trustees
Foothill-De Anza Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$_____ Foothill-De Anza Community College District (Santa Clara County, California) 2012 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Foothill-De Anza Community College District (the "District").

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of

the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

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

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

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

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Foothill-De Anza Community College District (the "District") in connection with the issuance of \$ _____ of the District's 2012 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted March 5, 2012 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"Participating Underwriter" shall mean each of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the

2011-12 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

- (A) State funding received by the District for the last completed fiscal year;
- (B) Enrollment and FTES of the District for the last completed fiscal year;
- (C) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.
2. tender offers.
3. defeasances.
4. rating changes.
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
6. unscheduled draws on the debt service reserves reflecting financial difficulties.
7. unscheduled draws on credit enhancement reflecting financial difficulties.
8. substitution of the credit or liquidity providers or their failure to perform.
9. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing

with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2012

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

By _____

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: 2012 General Obligation Refunding Bonds

Date of Issuance: _____, 2012

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

By _____ [form only; no signature required]

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR SANTA CLARA COUNTY

The following economic data for the County of Santa Clara (the "County") is presented for information purposes only. The Bonds are not a debt or obligation of the County.

General

The County is one of the nine counties in the greater metropolitan San Francisco Bay Area. The County is the home of "Silicon Valley," the birthplace of the semiconductor and computer industries in the United States. The economies of the City of San Jose and the County are based largely on the primary and secondary businesses associated with the computer and electronics industry.

Population

A summary of the population estimates for the County and the State of California for 1960, 1970, 1980 and 1990, as well as for the preceding twenty years is shown in the following table.

POPULATION ESTIMATES				
County of Santa Clara and State of California				
Calendar Years 1960, 1970, and 1980; 1990 through 2011				
<u>Year⁽¹⁾</u>	<u>County of Santa Clara</u>	<u>Annual % Change</u>	<u>State of California</u>	<u>Annual % Change</u>
1960 ⁽²⁾	642,315	--	15,717,204	--
1970 ⁽²⁾	1,065,313	--	19,971,068	--
1980 ⁽²⁾	1,295,071	--	23,782,000	--
1990 ⁽²⁾	1,497,577	--	29,558,000	--
1991	1,501,771	0.28%	30,143,555	1.98%
1992	1,519,153	1.16	30,722,998	1.92
1993	1,542,054	1.51	31,150,786	1.39
1994	1,558,454	1.06	31,418,940	0.86
1995	1,568,225	0.63	31,617,770	0.63
1996	1,586,378	1.16	31,837,399	0.69
1997	1,612,739	1.66	32,207,869	1.16
1998	1,638,277	1.58	32,657,877	1.40
1999	1,658,055	1.21	33,140,771	1.48
2000 ⁽²⁾	1,682,585	1.48	33,873,086	2.21
2001	1,690,366	0.46	34,256,789	1.13
2002	1,693,230	0.17	34,725,516	1.37
2003	1,693,752	0.03	35,163,609	1.26
2004	1,695,602	0.11	35,570,847	1.16
2005	1,698,234	0.16	35,869,173	0.84
2006	1,706,676	0.50	36,116,202	0.69
2007	1,725,066	1.08	36,399,676	0.78
2008	1,747,912	1.32	36,704,375	0.84
2009	1,767,204	1.10	36,966,713	0.71
2010	1,781,427	0.80	37,223,900	0.70
2011	1,797,375	0.90	37,510,766	0.77

⁽¹⁾ As of January 1.

⁽²⁾ As of April 1

Source: California Department of Finance estimates (and 1960, 1970, 1980, 1990 and 2000 and 2010 Census Counts).

Industry and Employment

With respect to the County and the State, the following table summarizes the civilian labor force, employment and unemployment for the calendar years 2004 through 2011.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT Santa Clara County and State of California Calendar Years 2004 through 2011 Annual Averages⁽¹⁾

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2004	Santa Clara County	829,400	771,700	53,200	6.4%
	California	17,444,400	16,354,800	1,089,700	6.2
2005	Santa Clara County	817,000	773,200	43,700	5.3%
	California	17,544,800	16,592,200	952,600	5.4
2006	Santa Clara County	823,600	786,700	36,900	4.5%
	California	17,686,700	16,821,300	865,400	4.9
2007	Santa Clara County	845,100	805,600	39,500	4.7%
	California	17,928,700	16,970,200	958,500	5.3
2008	Santa Clara County	869,700	818,000	51,800	6.0%
	California	18,191,000	16,883,400	1,307,600	7.2
2009	Santa Clara County	875,100	780,200	94,900	10.8%
	California	18,204,200	16,141,500	2,062,700	11.3
2010	Santa Clara County	874,300	776,900	97,400	11.1%
	California	18,176,200	15,916,300	2,259,900	12.4
2011 ⁽²⁾	Santa Clara County	889,500	812,200	77,400	8.7%
	California	18,172,200	16,185,100	1,987,100	10.9

⁽¹⁾ March 2010 Benchmark, data not seasonally adjusted.

⁽²⁾ Based on December 2011 data. Annual averages for 2011 not yet available.

Source: State of California Employment Development Department.

The County is within the San Jose-Santa Clara-Sunnyvale Metropolitan Statistical Area (the “MSA”). The following table shows the annual average industry employment for MSA between 2005 and 2010.

**ANNUAL AVERAGE INDUSTRY EMPLOYMENT
San Jose-Santa Clara-Sunnyvale MSA
2005-2010**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Farm	6,300	6,200	6,700	6,100	5,600	5,200
Mining and Logging	200	300	300	300	200	200
Construction	44,500	46,800	47,200	44,200	34,400	32,300
Manufacturing	164,900	163,700	166,700	168,000	155,800	153,000
Wholesale Trade	35,800	38,300	39,800	39,800	35,600	35,100
Retail Trade	83,900	85,800	86,400	84,400	78,800	78,200
Transportation, Warehousing and Utilities	13,100	13,000	13,500	13,500	12,100	12,100
Information	35,300	37,500	39,600	42,300	41,600	43,900
Financial Activities	36,100	36,900	36,900	34,300	31,500	30,800
Professional and Business Services	165,800	172,000	178,300	178,900	161,400	162,300
Education and Health Services	97,000	100,600	103,500	108,200	109,300	111,400
Leisure and Hospitality	72,800	75,200	76,800	78,100	74,900	74,300
Other Services	24,600	24,800	25,100	25,400	24,500	25,500
Government	<u>95,900</u>	<u>96,400</u>	<u>97,200</u>	<u>97,800</u>	<u>96,500</u>	<u>93,600</u>
Total All Industries	876,300	897,400	917,900	921,000	862,000	857,600

Note: The unemployment rates are calculated using unrounded data. Data may not add up due to rounding.

· Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor/management trade disputes. Employment reported by place of work. March 2010 Benchmark.

Source: California Employment Development Department.

Major Employers

The table below lists the ten largest employers in the County as of 2010.

**MAJOR EMPLOYERS
County of Santa Clara**

<u>Employer</u>	<u># of Employees</u>	<u>Percentage of County Employment</u>
County of Santa Clara	15,550	1.99%
Cisco Technology	13,000	1.67
Lockheed Missiles and Space Co. Inc.	10,400	1.33
Stanford University	10,101	1.29
Apple Computer, Inc.	10,000	1.28
City of San Jose	6,623	0.85
Intel Corporation	5,684	0.73
Stanford Hospital and Clinics	5,569	0.71
Hewlett-Packard Co.	5,001	0.64
Kaiser Permanente	5,000	0.64

Source: Santa Clara County FY2010 CAFR.

Construction Activity

Provided below are the building permits and valuations for the County for calendar years 2006 through 2010.

BUILDING PERMITS AND VALUATIONS County of Santa Clara for Years 2006 through 2010 (dollars in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Valuation</u>					
Residential	\$1,651,475	\$1,359,208	\$1,051,109	\$578,690	\$1,076,362
Nonresidential	<u>1,534,284</u>	<u>1,989,336</u>	<u>1,915,009</u>	<u>1,187,776</u>	<u>1,137,316</u>
Total Valuation	\$3,185,759	\$3,348,544	\$2,966,119	\$1,766,466	\$2,213,678
<u>New Dwelling Units</u>					
Single-Family	2,258	1,964	1,259	667	815
Multi-Family	<u>3,928</u>	<u>2,577</u>	<u>2,417</u>	<u>450</u>	<u>3,617</u>
Total:	6,186	4,541	3,676	1,117	4,432

⁽¹⁾ Columns may not add to totals due to rounding.

Source: Construction Industry Research Board.

Retail Trade

The following table shows a six-year history of taxable sales for the County.

TAXABLE SALES County of Santa Clara 2005 through 2010 (dollars in thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2005	20,820	\$18,903,508	48,903	\$30,193,802
2006	21,035	20,039,932	48,313	32,273,238
2007	20,480	20,790,258	47,651	33,663,448
2008	20,603	19,313,313	47,253	32,274,306
2009	26,695	16,385,238	43,396	27,427,709
2010 ⁽¹⁾	27,215	4,455,285	43,583	7,809,628

⁽¹⁾ Reflects taxable sales through first three quarters of 2010.

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization.

Income

Per capita personal income in the San Jose-Santa Clara-Sunnyvale Metropolitan Statistical Area (the "MSA") grew by 1.0% from 2000 to 2009, representing an average annual compound growth of 0.03%. The following tables summarize per capita personal income for the MSA, the State of California and the United States for 2000 to 2009.

PER CAPITA PERSONAL INCOME
San Jose-Sunnyvale-Santa Clara, CA (Metropolitan Statistical Area),
State of California, and United States of America
2000-2009

<u>Year⁽¹⁾</u>	<u>Statistical Area</u>	<u>% Annual Change</u>	<u>State of California</u>	<u>% Annual Change</u>	<u>United States of America</u>	<u>% Annual Change</u>
2000	\$54,755	--	\$33,398	--	\$30,318	--
2001	49,170	(10.2)%	33,890	1.5%	31,145	2.7%
2002	45,888	(6.7)	34,045	0.5	31,461	1.0
2003	46,343	1.0	34,977	2.7	32,271	2.6
2004	48,826	5.4	36,903	5.5	33,881	5.0
2005	51,591	5.7	38,767	5.1	35,424	4.6
2006	55,827	8.2	41,567	7.2	37,698	6.4
2007	59,306	6.2	43,240	4.0	39,461	4.7
2008	58,351	(1.6)	43,853	1.4	40,674	3.1
2009	55,169	(5.5)	42,395	(3.3)	39,635	(2.6)

Note: Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2000-2009 reflect county population estimates available as of April 2010. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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 the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the Owners or Holders of the Bonds (other than under the caption "TAX MATTERS") will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

**ESCROW AGREEMENT
RELATING TO THE DEFEASANCE OF A PORTION OF THE**

\$67,475,000.00

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
2002 General Obligation Refunding Bonds

\$90,100,062.75

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 1999 General Obligation Bonds, Series B

\$57,904,900.25

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 1999 General Obligation Bonds, Series C

\$149,995,250.35

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 2006 General Obligation Bonds, Series A

\$99,996,686.15

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 2006 General Obligation Bonds, Series B

THIS ESCROW AGREEMENT, dated as of May 1, 2012, by and between the Foothill-De Anza Community College District (the "District"), and U.S. Bank National Association, acting in its capacity as escrow agent (the "Escrow Agent") pursuant to this Escrow Agreement (the "Agreement");

W I T N E S S E T H:

WHEREAS, the District has previously caused the issuance of the following series of general obligation bonds: (i) \$67,475,000.00 Foothill-De Anza Community College District (Santa Clara County, California) 2002 General Obligation Refunding Bonds (the "2002 Bonds"), (ii) \$90,100,062.75 Foothill-De Anza Community College District (Santa Clara County, California) Election of 1999 General Obligation Bonds, Series B (the "1999 Series B Bonds"), (iii) \$57,904,900.25 Foothill-De Anza Community College District (Santa Clara County, California) Election of 1999 General Obligation Bonds, Series C (the "1999 Series C Bonds"), (iv) \$149,995,250.35 Foothill-De Anza Community College District (Santa Clara County, California) Election of 2006 General Obligation Bonds, Series A (the "2006 Series A Bonds"), (v) \$99,996,686.15 Foothill-De Anza Community College District (Santa Clara County, California) Election of 2006 General Obligation Bonds, Series B (the "2006 Series B Bonds" and, together with the 2002 Bonds, 1999 Series B Bonds, 1999 Series C Bonds, and 2006 Series A Bonds, the "Prior Bonds"); and

WHEREAS, the District did, pursuant to a resolution adopted by the Board of Trustees of the District on March 5, 2012 (the "Resolution"), determine that it is in the District's best interest to issue its General Obligation Refunding Bonds (the "Bonds"); and

WHEREAS, the sale and issuance of the Bonds shall provide proceeds to refund (i) the outstanding 2002 Bonds (the "Refunded 2002 Bonds"), (ii) a portion of the outstanding 1999 Series B Bonds (the "Refunded 1999 Series B Bonds"), (iii) a portion of the outstanding 1999 Series C Bonds (the "Refunded 1999 Series C Bonds"), (iv) a portion of the outstanding 2006 Series A Bonds (the "Refunded 2006 Series A Bonds"), and (v) a portion of the outstanding 2006 Series B Bonds (the "Refunded 2006 Series B Bonds" and, together with the Refunded 2002 Bonds, Refunded 1999 Series B Bonds, Refunded 1999 Series C Bonds, and Refunded 2006 Series A Bonds, the "Refunded Bonds"), all as more particularly described on Schedule C hereto; and

WHEREAS, the District expects the Bonds to be issued on May __, 2012; and

WHEREAS, the proceeds of the sale of the Bonds shall be applied to the refunding of the Refunded Bonds in accordance with the terms of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys.

(a) As used herein, the term "Investment Securities" means the Investment Securities set forth in Schedule A hereto. The District hereby deposits with the Escrow Agent \$_____, which amount represents net proceeds of the Bonds, to be held in irrevocable escrow by the Escrow Agent separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established and to be known as the "Foothill-De Anza Community College District General Obligation Refunding Bonds Escrow Fund" (referred to herein as the "Escrow Fund") to be applied solely as provided in this Agreement. Such moneys are at least equal to an amount sufficient to purchase the principal amount of Investment Securities set forth in Schedule A hereto.

(b) The Escrow Agent hereby acknowledges receipt of the cash flow and yield verification report of Grant Thornton LLP, certified public accountants, dated the date hereof (the "Verification Report"), and the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, dated the date hereof, relating to the sufficiency of the Investment Securities and cash deposited pursuant hereto to defease the Refunded Bonds and relating to this Agreement.

SECTION 2. Use and Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees:

(a) to immediately invest \$_____ of the moneys described in Section 1(a) hereof in the Investment Securities set forth in Schedule A hereto and to deposit such Investment Securities in the Escrow Fund and to hold \$_____ uninvested as cash; and

(b) to make the payments required under Sections 3(a) hereof at the times set forth therein.

SECTION 3. Payment of Refunded Bonds.

(a) Payment of the Refunded Bonds. As the principal of the Investment Securities set forth in Schedule A hereof and the investment income and earnings thereon are paid, and together with other monies on deposit therein, the Escrow Agent shall transfer from the Escrow Fund to the paying agent for the Refunded Bonds (the "Paying Agent") amounts sufficient:

(i) to pay the interest on the Refunded 2002 Bonds due on August 1, 2012, and to redeem the Refunded 2002 Bonds on such date, at a redemption price equal to 100% of the outstanding principal amount thereof;

(ii) to pay the interest on the Refunded 1999 Series B Bonds due on and prior to August 1, 2013, and to redeem on such date the Refunded 1999 Series B Bonds, at a redemption price equal to 100% of the outstanding principal amount;

(iii) to pay the interest on the Refunded 1999 Series C Bonds due on and prior to August 1, 2015, and to redeem on such date the Refunded 1999 Series C Bonds, at a redemption price equal to 100% of the outstanding principal amount;

(iv) to pay the interest on the Refunded 2006 Series A Bonds due on and prior to August 1, 2017, and to redeem on such date the Refunded 2006 Series A Bonds, at a redemption price equal to 100% of the outstanding principal amount; and

(v) to pay the interest on the Refunded 2006 Series B Bonds due on and prior to August 1, 2017, and to redeem on such date the Refunded 2006 Series B Bonds, at a redemption price equal to 100% of the outstanding principal amount.

Such transfers shall constitute the respective payments of the principal of and interest on the Refunded Bonds and redemption price due from the District.

(b) Unclaimed Moneys. Any moneys which remain unclaimed for two years after the date such moneys have become due and payable hereunder shall be repaid by the Escrow Agent to the District and deposited by the District in the Debt Service Fund relating to the Bonds. Any moneys remaining in the Escrow Fund established hereunder after [August 1, 2017] (aside from unclaimed amounts in respect of the Refunded Bonds) which are in excess of the amount needed to pay owners of the Refunded Bonds payments of principal and interest and redemption premium, if any, with respect to the Refunded Bonds or to pay any amounts owed to the Escrow Agent shall be immediately transferred by the Escrow Agent to the District and deposited by the District in the Debt Service Fund relating to the Bonds.

(c) Priority of Payments. The holders of each series of the Refunded Bonds shall have an equal and first lien on the moneys and Investment Securities in the Escrow Fund which are allowable and sufficient to pay the corresponding series of Refunded Bonds until such moneys and Investment Securities are used and applied as provided in this Agreement, as verified by the Verification Report. Any cash or securities held in the Escrow Fund are irrevocably pledged only to the holders of the Refunded Bonds.

(d) Termination of Obligation. Upon the deposit of moneys with the Escrow Agent pursuant to the provisions of Section 1 hereof, all obligations of the District with respect to the Refunded Bonds shall cease and terminate, except only the obligation to make payments therefor from the moneys provided for hereunder.

SECTION 4. Performance of Duties. The Escrow Agent agrees to perform the duties set forth herein.

SECTION 5. Reinvestment. Upon written direction of the District, the Escrow Agent may reinvest any uninvested amounts held as cash under this Agreement in noncallable nonprepayable obligations which are direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America provided (i) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the principal of, redemption price of, and interest on the Refunded Bonds will not be diminished or postponed thereby, (ii) the Escrow Agent shall receive the unqualified opinion of nationally recognized municipal bond counsel to the effect that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the Refunded Bonds, (iii) the Escrow Agent shall receive from a firm of independent certified public accountants a certification that, immediately after such reinvestment, the principal of and interest on obligations in the Escrow Fund will, together with other cash on deposit in the Escrow Fund available for such purposes, be sufficient without reinvestment to pay, when due, the principal or redemption price of and interest on the Refunded Bonds; and (iv) the Escrow Agent shall receive an opinion of nationally recognized municipal bond counsel that such reinvestment is permissible under this Agreement.

SECTION 6. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also

indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of its Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Investment Securities, the retention of the Investment Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Agent's respective successors, assigns, agents and employees or the breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement.

SECTION 7. Responsibilities of the Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Investment Securities, the retention of the Investment Securities or the proceeds thereof, the sufficiency of the Investment Securities to accomplish the refunding and defeasance of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the District and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the Investment Securities to accomplish the refunding and defeasance of the Refunded Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability with respect thereto. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the District.

SECTION 8. Substitution of Investment Securities. At the written request of the District and upon compliance with the conditions hereinafter set forth, the Escrow Agent shall have the power to sell, transfer, request the redemption or otherwise dispose of some or all of the Investment Securities in the Escrow Fund and to substitute noncallable nonprepayable obligations (the "Substitute Investment Securities") constituting direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America. The foregoing may be effected only if: (i) the substitution of Substitute Investment Securities for the Investment Securities (or Substitute Investment Securities) occurs simultaneously; (ii) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the principal of and/or redemption price of and/or interest on the Refunded Bonds will not be diminished or postponed thereby; (iii) the Escrow Agent shall receive the unqualified opinion of nationally recognized municipal bond counsel to the effect that such disposition and substitution would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds or the Bonds, and that the conditions of this Section 8 as to the disposition and substitution have been satisfied and that the substitution is permitted by this Agreement; and (iv) the Escrow Agent shall receive from a firm of independent certified public

accountants a certification that, immediately after such transaction, the principal of and interest on the Substitute Investment Securities in the Escrow Fund will, together with other cash on deposit in the Escrow Fund available for such purpose, be sufficient without reinvestment to pay, when due, the principal or redemption price of and interest on the Refunded Bonds. Any cash from the sale of Investment Securities (including U.S. Treasury Securities) received from the disposition and substitution of Substitute Investment Securities pursuant to this Section 8 to the extent such cash will not be required, in accordance with this Agreement, and as demonstrated in the certification described in subsection (iv) above, at any time for the payment when due of the principal or redemption price of or interest on the Refunded Bonds shall be paid to the District as received by the Escrow Agent free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Agreement. Any other substitution of securities in the Escrow Fund not described in the previous sentence must satisfy the requirements of this Section 8. In no event shall the Escrow Agent invest or reinvest moneys held under this Agreement in mutual funds or unit investment trusts.

SECTION 9. Irrevocable Instructions as to Notice.

(a) The Escrow Agent agrees that it shall provide timely notice of redemption of the Refunded Bonds pursuant to the Irrevocable Instructions and Request to Escrow Agent attached hereto as Schedule B; and

(b) Acknowledges that upon the funding of the Escrow Fund as provided in Section 1(a) hereof, the receipt of the opinion and the Verification Report described in Section 1(b) of this Agreement, then the Refunded Bonds shall be deemed paid in accordance with the terms of each series of Refunded Bonds and all obligations of the District with respect to each series of the Refunded Bonds shall cease and terminate, except only the obligation to make payments therefore from the monies provided for hereunder.

SECTION 10. Amendments. This Agreement is made for the benefit of the District and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the District; provided, however, but only after the receipt by the Escrow Agent of an opinion of nationally recognized municipal bond counsel that the exclusion from gross income of interest on the Bonds and the Refunded Bonds will not be adversely affected for federal income tax purposes, that the District and the Escrow Agent may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and (iii) to include under this Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond counsel with respect to compliance with this Section 10, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 10. In the event of any conflict with respect to the provisions of this Agreement, this Agreement shall prevail and be binding.

SECTION 11. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 3(b) of this Agreement.

SECTION 12. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien nor will it assert a lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 13. Resignation or Removal of Escrow Agent.

(a) The Escrow Agent may resign by giving notice in writing to the District, a copy of which shall be sent to DTC. The Escrow Agent may be removed (1) by (i) filing with the District an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid, (ii) sending notice at least 60 days prior to the effective date of said removal to DTC, and (iii) the delivery of a copy of the instruments filed with the District to the Escrow Agent or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the District or the holders of 5% in aggregate principal amount of the Refunded Bonds then remaining unpaid.

(b) If the position of Escrow Agent becomes vacant due to resignation or removal of the Escrow Agent or any other reason, a successor Escrow Agent may be appointed by the District. The holders of a majority in principal amount of the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the District, appoint a successor Escrow Agent who shall supersede any Escrow Agent theretofore appointed by the District. If no successor Escrow Agent is appointed by the District or the holders of such Refunded Bonds then remaining unpaid, within 45 days after any such resignation or removal, the holder of any such Refunded Certificate or any retiring Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The responsibilities of the Escrow Agent under this Escrow Agreement will not be discharged until a new Escrow Agent is appointed and until the cash and investments held under this Escrow Agreement are transferred to the new Escrow Agent.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 17. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to

remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period after such nominal date.

SECTION 18. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District.

SECTION 19. Rating Agencies. The District agrees to provide Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, and Standard & Poor's, a division of the McGraw-Hill Companies, 55 Water Street, New York, New York, 10071, prior notice of each amendment entered into pursuant to Section 10 hereof and a copy of such proposed amendment, and to forward a copy (as soon as possible) of (i) each amendment hereto entered into pursuant to Section 10 hereof, and (ii) any action relating to severability or contemplated by Section 14 hereof.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

By: _____
Vice Chancellor, Business Services

U.S. BANK NATIONAL ASSOCIATION, as Escrow
Agent

By: _____
Authorized Signatory

SCHEDULE A

“Investment Securities” are defined to be, and shall be, the United States Treasury Time Deposit Securities, State and Local Government Series securities listed on Exhibit ____ of the Verification Report.

SCHEDULE B

IRREVOCABLE INSTRUCTIONS AND REQUEST TO
ESCROW AGENT

May __, 2012

U.S. Bank National Association

\$67,475,000.00

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
2002 General Obligation Refunding Bonds

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FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 1999 General Obligation Bonds, Series B

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(Santa Clara County, California)
Election of 1999 General Obligation Bonds, Series C

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(Santa Clara County, California)
Election of 2006 General Obligation Bonds, Series A

\$99,996,686.15

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 2006 General Obligation Bonds, Series B

Ladies and Gentlemen:

As Escrow Agent with respect to the Refunded Bonds as defined in that certain Escrow Agreement, dated as of May 1, 2012, between the Foothill-De Anza Community College District and U.S. Bank National Association (the "Escrow Agreement") and as Paying Agent with respect to such Refunded Bonds, you are hereby notified of the irrevocable election of the Foothill-De Anza Community College District (the "District"): (i) to pay the interest on the Refunded 2002 Bonds due on and prior to August 1, 2012, and to redeem on August 1, 2012 the outstanding principal of the Refunded 2002 Bonds at a redemption price equal to 100% of the principal amount thereof; (ii) to pay the interest on the Refunded 1999 Series B Bonds due on and prior to August 1, 2013, and to redeem on August 1, 2013 the outstanding principal of the Refunded 1999 Series B Bonds at a redemption price equal to 100% of the principal amount thereof; (iii) to pay the interest on the Refunded 1999 Series C Bonds due on and prior to August 1, 2015, and to redeem on August 1, 2015 the outstanding principal of the Refunded 1999 Series C Bonds at a redemption price equal to 100% of the principal amount thereof; (iv) to pay the interest on the Refunded 2006 Series A Bonds due on and prior to August 1, 2017, and to redeem on August 1, 2017 the outstanding principal of the Refunded 2006 Series A Bonds at a redemption price equal to 100% of the principal amount thereof; and (v) to pay the interest on the Refunded 2006 Series B Bonds due on and prior to August 1, 2017, and to redeem on August 1, 2017 the outstanding principal of the Refunded 2006 Series B Bonds at a redemption price equal to 100% of the principal amount thereof.

You are hereby irrevocably instructed to give (i) as provided in the Resolution of the Board of Trustees of the District adopted May 6, 2002, pursuant to which such Refunded 2002 Bonds were issued, (ii) as provided in the Resolution of the Board of Trustees of the District adopted August 4, 2003, pursuant to which such Refunded 1999 Series B Bonds were issued, (iii) as provided in the Resolution of the Board of Trustees of the District adopted August 29, 2005, pursuant to which such Refunded 1999 Series C Bonds were issued, (iv) as provided in the Resolution of the Board of Trustees of the District adopted June 7, 2006, as supplemented by the Resolution adopted by the Board of Trustees of the District on March 12, 2007, pursuant to which such Refunded 2006 Series A Bonds were issued, and (v) as provided in the Resolution of the Board of Trustees of the District adopted June 7, 2006, as supplemented by the Resolution adopted by the Board of Trustees of the District on March 12, 2007, pursuant to which such Refunded 2006 Series B Bonds were issued, notices of redemption of such

principal amounts of said Refunded Bonds as are scheduled to be redeemed prior to maturity to the extent such Refunded Bonds have not been otherwise redeemed or purchased by the Escrow Agent prior to such date. Such notices shall be in the forms annexed hereto as Exhibit X.

You are also hereby irrevocably instructed to file notices of defeasance of the Refunded Bonds with the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>.

You are hereby further irrevocably instructed to provide, as soon as practicable, notice to the holders of each series of Refunded Bonds (in the forms annexed hereto as Exhibit Y) that the deposit of investment securities and moneys has been made with you as such Escrow Agent and that you have received a verification report verifying that the projected withdrawals from such escrow have been calculated to be adequate to pay the principal or redemption price of and the interest on said Refunded Bonds outstanding as such become due or are subject to redemption.

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

By: _____
Vice Chancellor, Business Services

Receipt acknowledged and
consented to:

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

EXHIBIT X

NOTICE OF REDEMPTION OF A PORTION OF

\$67,475,000.00

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
2002 General Obligation Refunding Bonds

Notice is hereby given to the holders of the outstanding Foothill-De Anza Community College District (Santa Clara County, California) 2002 General Obligation Refunding Bonds maturing on and after August 1, 2012, through and including August 1, 20__ (the "Refunded 2002 Bonds"), that such Refunded 2002 Bonds have been called for redemption prior to maturity on August 1, 2012 in accordance with their terms at a redemption price 100% of the principal amount thereof, together with accrued interest evidenced thereby to August 1, 2012. The source of the funds to be used for such redemption is the principal of and interest on investment securities heretofore deposited with U.S. Bank National Association, as Escrow Agent, together with moneys, if any, heretofore deposited with the Escrow Agent.

Interest on the Refunded 2002 Bonds and the redemption price shall become due and payable on August 1, 2012 and after August 1, 2012 interest on such Refunded 2002 Bonds shall cease to accrue and be payable.

Holders of the Refunded 2002 Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust office of U.S. Bank National Association, San Francisco, California.

Dated this ____ day of _____, 2012.

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

NOTICE OF REDEMPTION OF A PORTION OF

\$ _____
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of _____ General Obligation Bonds, Series ____

Notice is hereby given to the holders of the outstanding Foothill-De Anza Community College District (Santa Clara County, California) Election of _____ General Obligation Bonds, Series ____ maturing on and after August 1, 20__, through and including August 1, 20__ (the "Refunded Bonds"), that such Refunded Bonds have been called for redemption prior to maturity on August 1, 20__ in accordance with their terms at a redemption price 100% of the principal amount thereof, together with accrued interest evidenced thereby to August 1, 20__. The source of the funds to be used for such redemption is the principal of and interest on investment securities heretofore deposited with U.S. Bank National Association, as Escrow Agent, together with moneys, if any, heretofore deposited with the Escrow Agent.

Interest on the Refunded Bonds and the redemption price shall become due and payable on August 1, 20__ and after August 1, 20__ interest on such Refunded Bonds shall cease to accrue and be payable.

Holders of the Refunded Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust office of U.S. Bank National Association, San Francisco, California.

Dated this ____ day of _____, 20__.

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

EXHIBIT Y

NOTICE OF REFUNDING OF A PORTION OF

§ _____
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
2002 General Obligation Refunding Bonds

Notice is hereby given to the holders of the outstanding bonds maturing on and after August 1, 2012, through and including August 1, 20__ designated Foothill-De Anza Community College District (Santa Clara County, California) 2002 General Obligation Refunding Bonds, (the "Refunded Bonds") (i) that there has been deposited with U.S. Bank National Association, as Escrow Agent, moneys and investment securities as permitted by the Escrow Agreement, dated as of May 1, 2012, between Foothill-De Anza Community College District and U.S. Bank National Association as Escrow Agent, (the "Agreement"), the principal of and the interest on which when due will provide moneys which, together with such other moneys deposited with the Escrow Agent, shall be sufficient and available (a) to pay the interest with respect to the Refunded Bonds scheduled to be paid on and prior to August 1, 2012, and (b) to redeem the remaining outstanding Refunded Bonds on August 1, 2012 at a redemption price (expressed as a percentage of the principal amount of the Refunded Bonds to be redeemed) equal to 100%; (ii) that the Escrow Agent has been irrevocably instructed to redeem on August 1, 2012 such Refunded Bonds; and (iii) that the Refunded Bonds are deemed to be paid in accordance with Section 3 of the Agreement.

Dated this day ____ of May 2012.

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent

NOTICE OF REFUNDING OF A PORTION OF

\$ _____
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of _____ General Obligation Bonds, Series ____

Notice is hereby given to the holders of the outstanding bonds maturing on and after August 1, 2012, through and including August 1, 20__ designated Foothill-De Anza Community College District (Santa Clara County, California) Election of _____ General Obligation Bonds, Series __, (the "Refunded Bonds") (i) that there has been deposited with U.S. Bank National Association, as Escrow Agent, moneys and investment securities as permitted by the Escrow Agreement, dated as of May 1, 2012, between Foothill-De Anza Community College District and U.S. Bank National Association as Escrow Agent, (the "Agreement"), the principal of and the interest on which when due will provide moneys which, together with such other moneys deposited with the Escrow Agent, shall be sufficient and available (a) to pay the interest with respect to the Refunded Bonds scheduled to be paid on and prior to August 1, 20__, and (b) to redeem the remaining outstanding Refunded Bonds on August 1, 20__ at a redemption price (expressed as a percentage of the principal amount of the Refunded Bonds to be redeemed) equal to 100%; (ii) that the Escrow Agent has been irrevocably instructed to redeem on August 1, 20__ such Refunded Bonds; and (iii) that the Refunded Bonds are deemed to be paid in accordance with Section 3 of the Agreement.

Dated this day ____ of May 2012.

FOOTHILL-DE ANZA COMMUNITY COLLEGE
DISTRICT

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent

SCHEDULE C

REFUNDED BONDS

\$67,475,000.00

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)

2002 General Obligation Refunding Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>CUSIP</u>	<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>CUSIP</u>
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\$90,100,062.75

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 1999 General Obligation Bonds, Series B

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>CUSIP</u>
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\$57,904,900.25

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 1999 General Obligation Bonds, Series C

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>CUSIP</u>
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\$149,995,250.35

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 2006 General Obligation Bonds, Series A

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>CUSIP</u>
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\$99,996,686.15

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County, California)
Election of 2006 General Obligation Bonds, Series B

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>CUSIP</u>
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BOND PURCHASE CONTRACT

§ _____
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County)
2012 GENERAL OBLIGATION REFUNDING BONDS

_____, 20__

Foothill-De Anza Community College District
12345 El Monte Road
Los Altos Hills, California 94022

Ladies and Gentlemen:

The undersigned, on behalf of Morgan Stanley & Co. LLC (the "Underwriter"), offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the Foothill-De Anza Community College District (the "District"), which, upon acceptance hereof by the District, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the District and delivery of such acceptance to us at our office prior to 11:59 p.m., California Time, on the date hereof.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$_____ in aggregate principal amount of the above-captioned bonds (the "Bonds"). The purchase price of the Bonds shall be \$_____ (being equal to the aggregate principal amount of the Bonds, plus aggregate original issue premium (\$_____), less an Underwriter's discount in the amount of \$_____).

The Bonds are issued in the aggregate principal amount of \$_____. The Bonds shall bear interest at the rates and shall mature in the years shown on Appendix A hereto, which is incorporated herein by this reference.

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussion, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of or a financial advisor to the District, (iii) the Underwriter has not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the District with respect to (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters)

or (y) any other obligation of the District, except the obligations expressly set forth in this Purchase Contract and (iv) the District has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The net proceeds of the Bonds will be used (i) to refund on a current or advance basis portions of the District's outstanding Election of 1999 General Obligation Bonds, Series B, [and] its Election of 1999 General Obligation Bonds, Series C, its 2002 General Obligation Refunding Bonds, [its Election of 2006, General Obligation Bonds, Series A] [and its Election of 2006 General Obligation Bonds, Series B] (the "Refunded Bonds"), pursuant to an Escrow Agreement, dated as of May 1, 2012 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, as escrow agent (the "Escrow Agent") and (ii) to pay the costs of issuance of the bonds. The net proceeds of the Bonds will be deposited into an escrow fund and applied to pay when due the principal of and interest on the Refunded Bonds and to pay the redemption prices thereof on their next available redemption date.

2. The Bonds. The Bonds are authorized pursuant to the provisions of the Resolution of the Board of Trustees of the District (the "Bond Resolution") adopted on March 5, 2012, and Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"). The Bonds shall be dated the date of their delivery and payable as set forth and otherwise described in the Bond Resolution.

The Bonds shall be executed and delivered under and in accordance with the provisions of the Paying Agent Agreement and the applicable provisions of California law. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form initially, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

3. Redemption. The Bonds shall be subject to redemption as provided in the Bond Resolution and as set forth in Appendix A hereto.

4. Use of Documents. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Bond Resolution, an Official Statement (defined below), that certain Paying Agent Agreement (the "Paying Agent Agreement") to be entered into by and between the District and U.S. Bank National Association, a national banking association (the "Paying Agent"), and all information contained herein and therein and all of the documents, certificates, or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

5. Public Offering of the Bonds. The Underwriter agrees to make a bonafide public offering of all the Bonds at the initial public offering price or yield to be set forth on the inside front cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering price or yield as it deems necessary in connection with the marketing of the Bonds.

6. Review of Official Statement. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2012 (the "Preliminary Official Statement"), including the cover page, inside

cover page and appendices thereto. The District represents that it deems the Preliminary Official Statement to be final, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, Underwriter's discount, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received. The District shall provide evidence to the Underwriter that it has deemed the Preliminary Official Statement final as of its date, in accordance with the provisions of the Rule. The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds.

7. Closing. At 8:00 a.m., California Time, on May __, 2012, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the District will deliver to the Underwriter, through the facilities of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in San Francisco, California, the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof set forth in Section 1 hereof in immediately available funds by check, draft or wire transfer to or upon the order of the District.

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

(a) Due Organization. The District is a community college district duly organized and validly existing under the laws of the State of California (the "State"), with the full legal right, power and authority to issue the Bonds pursuant to the Act and to observe and perform the District's covenants and agreements contained herein and therein.

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract and the Paying Agent Agreement, to adopt the Bond Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Paying Agent Agreement, the Escrow Agreement and the Bond Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Bond Resolution, the Paying Agent Agreement and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(d) Internal Revenue Code. The District has complied with the requirements of the Internal Revenue Code of 1986, as amended, applicable to the Bonds.

(e) No Conflicts. The issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Bond Resolution, the Paying Agent Agreement and the Bonds, and the compliance with the provisions hereof, do not conflict with or constitute on the part of the District a violation of or material default under the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the title of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Paying Agent Agreement or the Bond Resolution, contesting the powers of the District or the Bond Resolution or this Purchase Contract or the entitlement of the officers of the District who have signed the Bonds and the various certificates and agreements of the District relating to the issuance and sale of Bonds, to their respective offices; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract, the Paying Agent Agreement or the Bond Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued, nor will the County of Santa Clara have issued in the name and on behalf of the District, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Certificates. Except as specifically provided, any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and

warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) Continuing Disclosure. The District shall undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. During the past five years, the District has complied with its previous undertakings with regard to said Rule to provide annual reports or notices of material events, except as set forth in the Official Statement.

(j) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

The District agrees that, for a period until 25 days after the End of the Underwriting Period (as defined below), if any event of which it has actual knowledge occurs which might cause the information in the Official Statement as then in existence to contain any untrue or misleading statement of a material fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, the District shall promptly notify the Underwriter in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the reasonable judgment of the Underwriter, to amend or supplement the Official Statement so that the Official Statement does not contain any untrue or misleading statement of a material fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, and if the Underwriter shall have so advised the District, the District shall forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance satisfactory to the Underwriter, which will so amend or supplement the Official statement so that, as amended or supplemented, it conforms with the foregoing standards. The District shall promptly advise the Underwriter of the commencement of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

For purposes of this Purchase Contract, the “End of the Underwriting Period” for the Bonds shall mean the earlier of (a) the Closing unless the District has been notified in writing by the Underwriter, on or prior to the Closing, that the “end of the underwriting period” for the

Bonds for all purposes of the Rule will not occur on the Closing, or (b) the date on which notice is given to the District pursuant to clause (a) above that the “end of the underwriting period” for the Bonds will not occur on the Closing, the Underwriter agrees to notify the District in writing as soon as practicable following the “end of the underwriting period” for the Bonds for all purposes of the Rule.

9. Underwriter Representations, Warranties and Agreements. The Underwriter represents, warrants to and agrees with the District that, as of the date hereof and as of the Closing:

(a) The execution and delivery hereof and the consummation of the transactions contemplated hereby does not and will not violate any of the prohibitions set forth in Rule G-37 promulgated by the Municipal Securities Rulemaking Board (the “MSRB”);

(b) All reports required to be submitted to the MSRB pursuant to Rule G-37 have been and will be submitted to the MSRB;

(c) The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to the District’s municipal financing consultant, or any officer, agent or employee thereof), other than a bona fide officer, agent or employee working for Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Contract; and

(d) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in Section 53590(c) of California Government Code, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(e) The Underwriter agrees to provide to the District written notice of the commencement of the period specified in Section 10(d) hereof.

10. Covenants of the District. The District covenants and agrees with the Underwriter that:

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with, and at the expense of, the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being called the “Official Statement”) in such reasonable quantities as

may be requested by the Underwriter not later than five (5) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(c) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the official Statement relating to the District until the date which is ninety (90) days following the Closing;

(d) Amendments to Official Statement. For a period of ninety (90) days after the End of the Underwriting Period (as determined in accordance with Section 8(j) hereof), the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser of Bonds, the Underwriter shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading;

(e) Consents and Approvals. After due inquiry, except as may be required under blue sky or other securities laws of any state, or with respect to any permits, consents or approval theretofore received which are in full force and effect or the requirement for which is otherwise disclosed in the Official Statement, there is no consent, approval, authorization or other order of, or filing with, or certification by, any governmental authority, board, agency or commission or other regulatory authority having jurisdiction over the District, other than the Board of Trustees, required for the adoption of the Bond Resolution and execution and delivery of this Purchase Contract, the Escrow Agreement or the Paying Agent Agreement or the consummation by the District of the transactions contemplated by this Purchase Contract, the Bond Resolution, the Paying Agent Agreement, the Escrow Agreement or the Official Statement; and

(f) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds as described in the Official Statement.

11. Conditions to Closing. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing, and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Paying Agent Agreement and the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Act which, in the opinion of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, bond counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Bond Resolution, the Paying Agent Agreement, the Escrow Agreement, this Purchase Contract or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which has any of the effects described in Section 8(f) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability Between the Date Hereof and the Closing. The market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

(1) legislation enacted by Congress, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity

relating to the effective operation of the government or the financial markets in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating of the District's outstanding indebtedness or any rating assigned to the Bond Insurer (defined herein) by a national rating agency; or

(7) any event occurring, or information becoming known which makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion and Reliance Letter. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District, together with a reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described above;

(2) Defeasance Opinion. A defeasance opinion of Bond Counsel, addressed to the District and the Underwriter, with respect to the effective defeasance of the Refunded Bonds;

(3) Supplemental Opinion. A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the District and the Underwriter, to the effect that:

(i) the statements in the Official Statement on the cover page thereof and under the captions “THE BONDS,” “THE BONDS – Security and Sources of Payment,” and “TAX MATTERS,” to the extent they purport to summarize certain provisions of the Bond Resolution, the Bonds and the opinion of Bond Counsel are accurate in all material respects;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Contract have each been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding obligations of the District and are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Bond Resolution and the Paying Agent Agreement are each exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(4) Disclosure Counsel Opinion. An opinion of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Disclosure Counsel, dated the Closing Date and addressed to the District, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the District, the financial advisor, the Underwriter and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement as of its date contained, or as of the Closing Date contains, any untrue statement of a material fact or as of its date omitted, or as of the Closing Date, omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion need be expressed as to any financial, demographic, numerical or statistical data contained in the Official Statement nor as to Appendices A, or D to the Official Statement);

(5) Underwriter’s Counsel Opinion. An opinion of counsel to the Underwriter, addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(6) Certificate of the District. A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this

Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Bond Resolution and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Bond Resolution, and (vi) no further consent is required for inclusions of the audit in the Official Statement;

(7) Arbitrage. A nonarbitrage certificate of the District in form satisfactory to Bond Counsel;

(8) Bond Resolution. A certificate signed by an appropriate official of the District, together with fully executed copies of the Bond Resolution, to the effect that:

(i) such copies are true and correct copies of the Bond Resolution; and

(ii) the Bond Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(9) Official Statement. Certificates of the appropriate officials of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(10) Verification Report. A report and opinion of [Grant Thornton LLP] with respect to the sufficiency of the Federal Securities, together with the interest and earning thereon and any cash held uninvested, held under the Escrow Agreement to refund the Refunded Bonds as provided in the Escrow Agreement;

(11) Continuing Disclosure Certificate. The Continuing Disclosure Certificate, duly executed by the District;

(12) Receipts. The receipts of the Paying Agent for the deposit of amounts set aside to pay costs of issuance, as described in Section 13 below and of the County for the net purchase price of the Bonds;

(13) Certificate of the Escrow Agent. A certificate of the Escrow Agent, dated the date of closing, signed by a duly authorized officer of the Escrow Agent, and in form and substance satisfactory to the Underwriter, to the effect that (i) the Escrow Agent has all necessary power and authority to enter into and perform its duties under the Escrow Agreement; (ii) the Escrow Agent has duly authorized, executed and delivered the Escrow Agreement, and, assuming due authorization, execution and delivery by the

District, the Escrow Agreement constitutes the valid and binding agreement of the Escrow Agent enforceable against the Escrow Agent in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (iii) the execution and delivery of the Escrow Agreement and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Escrow Agent and, to the best knowledge of the Escrow Agent, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Escrow Agent is subject or by which it is bound; and (iv) no litigation is pending or, to the best knowledge of the Escrow Agent, threatened (either in state or federal courts) against the Escrow Agent in any way contesting or affecting the validity or enforceability of the Bonds or the Escrow Agreement;

(14) Copies of Documents. Executed copies of the Paying Agent Agreement, this Purchase Contract, the Escrow Agreement and the Official Statement;

(15) Certificate of Paying Agent. A certificate of the Paying Agent, dated the date of Closing, that as of the date of Closing: (a) the Paying Agent is duly organized and existing as a national banking association under the laws of the United States of America, in good standing under the laws of the State, and has the full power and authority to enter into and perform its duties under the Paying Agent Agreement; (b) the Paying Agent is duly authorized to enter into Paying Agent Agreement; (c) the Paying Agent Agreement has been duly authorized, executed and delivered by the Paying Agent and assuming due authorization, execution and delivery by the District, constitutes the legal, valid and binding obligations of the Paying Agent enforceable in accordance with its terms; (d) the execution and delivery by the Paying Agent of the Paying Agent Agreement, and compliance with the terms thereof, will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Paying Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Paying Agent or any of its activities or properties, which conflict, breach or default would materially adversely affect the ability of the Paying Agent to perform its obligations under the Paying Agent Agreement, (e) exclusive of federal or state securities laws and regulations, other than routine filings required to be made with governmental agencies in order to preserve the Paying Agent's authority to perform a trust business (all of which routine filing, to the best of the Paying Agent's knowledge, have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Paying Agent is or will be required for the execution and delivery by the Paying Agent of the Paying Agent Agreement; and (f) to the best of the Paying Agent's knowledge, there is no litigation pending or threatened against or affecting the Paying Agent to restrain or enjoin the Paying Agent's participation in, or in any way contesting the powers of the Paying Agent with respect to the transactions contemplated by this Purchase Contract, the Bond Resolution and the Paying Agent Agreement; and

(16) Required Filings. Evidence of the preparation and/or filing of the Initial and Final Report of Sale with the California Debt and Investment Advisory Commission and Form 8038-G with the Internal Revenue Service;

(17) Ratings. Evidence that the Bonds have been rated “___” by Moody’s Investors Services and “___” by Standard & Poor’s Financial Services LLC, and that such ratings have not been withdrawn or downgraded;

(18) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, (iii) the truth and accuracy, as of the time of Closing, of the Official Statement and (iv) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California Time, on May __, 2012, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect.

If the District shall be unable to satisfy the conditions to the Underwriter’s obligations contained in this Purchase Contract or if the Underwriter’s obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

12. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of the opinions and certificates being delivered at the Closing by persons and entities other than the District.

13. Costs and Expenses. The District shall cause the Paying Agent to pay all costs and expenses incurred in the issuance and sale of the Bonds from proceeds of the Bonds, including but not limited to the fees and expenses of Bond Counsel, Disclosure Counsel and the financial advisor, the fees of rating agencies, the cost of the printing and distribution of the Official Statement, initial fees and expenses of the Paying Agent and meal, transportation, lodging, entertainment and deal memento expenses of its own officials and employees.

All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, fees of Underwriter’s counsel, travel and other expenses (except as provided above), shall be paid by the Underwriter.

14. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be

given by delivering the same in writing if to the District, to the Vice Chancellor, Business Services, Foothill-De Anza Community College District, 12345 El Monte Road, Los Altos Hills, California 94022 or if to the Underwriter, Morgan Stanley & Co. LLC, 555 California Street, Suite 2200, San Francisco, CA 94104, Attention: John Sheldon.

15. Parties in Interest; Survival of Representations and Warranties. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Underwriter. This Purchase Contract is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

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

17. Nonassignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

18. Entire Agreement. This Purchase Contract, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

19. Execution in Counterparts. This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

20. Applicable Law. This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Respectfully submitted,

MORGAN STANLEY & CO. LLC

By: _____
Authorized Officer

Accepted: _____, 2012

Time: _____ [a.m./p.m.]

FOOTHILL-DE ANZA COMMUNITY
COLLEGE DISTRICT

By: _____
Vice Chancellor, Business Services

APPENDIX A

Maturity Schedule

\$ _____

**FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
(Santa Clara County)
2012 GENERAL OBLIGATION REFUNDING BONDS**

\$ _____ % Term Bonds due August 1, 20__, Yield ____%, Price _____*

* _____
Priced at 100% to August 1, 20__.

Redemption Provisions

Optional Redemption. The Bonds are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after August 1, 20__, at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

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

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

In the event that a portion of the Term Bonds maturing on August 1, 20__, are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, in integral multiples of \$5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.