



The Redevelopment Agency of the City of San José

January 30, 2008

Mr. Scott C. Emmóns
Vice President
Corporate Trust & Escrow Services
Wells Fargo Bank
707 Wilshire Boulevard, 17th Floor
MAC# E2818-176
Los Angeles, CA 90017

Dear Scott:

SUBJECT: Continuing Disclosure for San Jose Redevelopment Project Housing
Set-Aside Bonds - Series 1997, 2003, and 2005 (main CUSIP
798147)

Pursuant to the Continuing Disclosure Agreement for the Merged Area Redevelopment Project Housing Set-Aside Bonds, I hereby submit the following required Annual Report for fiscal year ended June 30, 2007:

1. Agency's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007 is available at the Agency's web site at:
<http://www.sjredevelopment.org/Finance/financialinfo.htm>
2. Table of historical assessed values and housing set-aside amounts (Table I).
3. Projected housing set-aside amounts and debt service coverage (Table II).
4. Schedule of twenty largest payers of secured property taxes Table III).
5. Pending appeals of ten largest payers of secured property taxes:

For fiscal year 2006-2007, out of the top ten payers, CISCO System has 26 appeals pertaining to properties with current assessed value of \$899 million and is requesting a \$316 million reduction, Equity Office Properties has 21 appeals to properties with current assessed value of \$1.004 billion and is requesting \$438 million reduction, CarrAmerica Realty Corp has 2 appeals pertaining to properties with current assessed value of \$56 million and is requesting a \$22 million reduction, Mission West Properties has 7 appeals pertaining to properties with current assessed value of \$266 million and is requesting a \$133 million reduction, Novellus Systems Inc has 8 appeals pertaining to real property

with a current assessed value of \$135 million and is requesting a \$57 million reduction, and Cadence Design Systems has 5 appeals pertaining to properties with current assessed value of \$91 million and is requesting a \$30 million reduction.

6. Description of parity debt (date, amount, term, rating, insurance) issued by the Agency in the fiscal year to which the Annual Report pertains: NONE
7. Form of Certificate (Annual Review of Tax Revenues) of the Redevelopment Agency of the City of San Jose pursuant to Bond Indenture (this information was also provided to you on November 30, 2007)

As the Dissemination Agent for the Housing Bonds, please be informed that in compliance with the Continuing Disclosure Agreement we will electronically submit the above information on or before the February 1, 2008 due date to the Municipal Advisory Council of Texas thru its web site at www.DisclosureUSA.org for dissemination to NRMSIRs and SIDs, if any.

If you have any questions, please do not hesitate to give me call at (408) 795-1819 or contact Alex Guiang, Senior Accountant, at (408) 795-1826.

Sincerely,



David Baum
Chief Financial Officer

CC: Patricia Deignan, Agency Chief Deputy Counsel

Attachments

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
 MERGED AREA REDEVELOPMENT PROJECT
 Actual Assessed Value and Housing Set-Aside Amount
 Fiscal Years 1984-1985 through 2006-2007**

Table I

Fiscal Year	Actual Assessed Value (1)	Tax Allocation	Supplemental Assessment	Total Tax Increment	Housing Set-Aside
1984/85	\$ 2,837,105,000	\$ 34,642,774	\$ 197,664	34,840,438	\$ 6,968,088
1985/86	3,456,929,000	42,558,214	1,886,475	44,444,689	8,888,938
1986/87	4,202,613,000	47,283,475	2,584,010	49,867,485	9,973,497
1987/88	4,406,847,000	49,001,869	1,809,274	50,811,143	10,162,229
1988/89	5,066,800,000	57,043,205	1,362,140	58,405,345	11,681,069
1989/90	5,410,430,000	61,841,034	1,146,698	62,987,732	12,597,546
1990/91	5,848,605,000	64,789,744	1,542,369	66,332,113	13,266,423
1991/92	6,237,299,000	68,969,865	1,061,533	70,031,398	14,006,280
1992/93	6,421,209,000	69,579,880	1,470,116	71,049,996	14,209,999
1993/94	6,492,990,000	69,755,126	767,950	70,523,076	14,104,615
1994/95	6,034,449,000	65,369,460	923,349	66,292,809	13,258,562
1995/96	6,282,826,000	67,877,862	355,213	68,233,075	13,646,615
1996/97	6,951,525,000	74,371,699	1,650,373	76,022,072	15,204,414
1997/98	8,223,179,091	91,113,164	5,100,111	96,213,275	19,242,655
1998/99	9,933,973,046	106,298,489	5,918,307	112,216,796	22,443,359
1999/00	11,273,810,711	119,982,229	9,699,245	129,681,474	25,936,295
2000/01	12,684,748,178	134,649,256	7,502,078	142,151,334	28,430,267
2001/02	16,782,487,736	175,926,065	12,533,009	188,459,074	37,691,815
2002/03	17,635,836,531	187,447,745	10,577,850	198,025,595	39,605,119
2003/04	15,865,534,711	168,015,004	2,193,031	170,208,035	34,041,607
2004/05	13,943,724,073	148,329,398	1,647,080	149,976,478	29,995,295
2005/06	13,918,468,871	148,327,820	1,490,848	149,818,668	29,963,733
2006/07	14,994,694,944	159,570,816	2,247,761	161,818,577	32,363,715

(1) Net of base year assessed value.

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
 MERGED AREA REDEVELOPMENT PROJECT
 Projected Housing Set-Aside and Debt Service Coverage**

Table II

<u>Year-end</u>	<u>Housing Set-aside</u>	<u>Combined Senior Lien Debt Service</u>	<u>Debt Service Coverage</u>
8/1/2008	28,546,494	15,206,920	1.88
8/1/2009	28,546,494	15,204,964	1.88
8/1/2010	28,546,494	15,207,954	1.88
8/1/2011	28,546,494	15,203,911	1.88
8/1/2012	28,546,494	15,206,695	1.88
8/1/2013	28,546,494	15,207,865	1.88
8/1/2014	28,546,494	15,204,078	1.88
8/1/2015	28,546,494	15,204,898	1.88
8/1/2016	28,546,494	15,208,881	1.88
8/1/2017	28,546,494	15,204,551	1.88
8/1/2018	28,546,494	15,207,509	1.88
8/1/2019	28,546,494	15,204,105	1.88
8/1/2020	28,546,494	15,206,905	1.88
8/1/2021	28,546,494	15,207,853	1.88
8/1/2022	28,546,494	14,228,611	2.01
8/1/2023	26,921,474	14,224,662	1.89
8/1/2024	26,921,474	14,227,379	1.89
8/1/2025	26,921,474	14,225,304	1.89
8/1/2026	26,921,474	14,225,997	1.89
8/1/2027	26,921,474	11,499,229	2.34
8/1/2028	21,862,851	11,328,649	1.93
8/1/2029	21,564,583	9,301,219	2.32
8/1/2030	17,924,064	9,303,909	1.93
8/1/2031	17,924,064	9,300,314	1.93
8/1/2032	17,924,064	6,019,333	2.98
8/1/2033	11,805,000	6,023,689	1.96
8/1/2034	11,805,000	5,147,484	2.29
8/1/2035	10,423,714	732,947	14.22

Table III

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
Merged Area Redevelopment Projects
Twenty Largest Property Owners
Fiscal Year Ending June 30, 2007
(dollars expressed in thousands)

	Taxpayer	Assessed Secured Value	Assessed Unsecured Value	Total Assessed Value	Percentage of Total Assessed Value
1	Cisco Systems, Inc.	\$ 682,684	\$ 1,745,486	\$ 2,428,170	15.09%
2	Hitachi Global Storage Techs, Inc.	611,232	4,171	615,403	3.82%
3	Equity Office Properties	480,957	-	480,957	2.99%
4	Irvine Community Dev Co	438,833	-	438,833	2.73%
5	CarrAmerica Realty Corp.	281,553	6,390	287,943	1.79%
6	Adobe Systems	210,021	55,251	265,272	1.65%
7	Mission West Properties	218,573	-	218,573	1.36%
8	Novellus Systems Inc	213,662	222	213,884	1.33%
9	eBay, Inc	133,207	19,361	152,568	0.95%
10	Cadence Design Systems	135,391	14,628	150,019	0.93%
11	Essex Enclave Apartments LP	125,668	-	125,668	0.78%
12	Shea River Oaks Association LP	124,501	253	124,754	0.78%
13	Agilent Technologies, Inc	124,023	-	124,023	0.77%
14	Altera Corporation	120,694	-	120,694	0.75%
15	Sony Corporation America	117,013	-	117,013	0.73%
16	WXI/ZAN Real Est LP	115,399	-	115,399	0.72%
17	Maxim Integrated Products, Inc	112,001	-	112,001	0.70%
18	Peery Richard T Trustees & Et Al	104,842	-	104,842	0.65%
19	Sobrato Interests II	103,059	-	103,059	0.64%
20	AMB Property Corp	96,823	-	96,823	0.60%
Totals - Twenty Largest Property Owners		\$ 4,550,136	\$ 1,845,762	\$ 6,395,898	39.75%
Total Assessed Value in the Merged Redevelopment Income Generating Area		\$ 12,116,350	\$ 3,975,452	\$ 16,091,802	100.00%

**FORM OF CERTIFICATE OF THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN JOSE PURSUANT TO SECTION 6.02 OF THE SIXTH
SUPPLEMENTAL INDENTURE RELATING TO ITS
HOUSING SET-ASIDE TAX ALLOCATION BONDS
(SERIES 2003 J & K and SERIES 2005 A, B, C & D)**

The undersigned, the Chief Financial Officer of the Redevelopment Agency of the City of San José (the "Agency"), hereby certifies, pursuant to Section 6.02 of the Trust Indenture dated as of July 1, 2003 and June 1, 2005 (the "Indenture") by and between the Agency and Wells Fargo Bank National Association, as trustee (the "Trustee"), hereby certifies as follows:

(i) The amount of Tax Increment Revenue and Housing Set-Aside Amounts received by the Agency through Fiscal Year 2006-2007 and Fiscal Year 2005-2006 under the Merged Area Redevelopment Plans (but not including any tax increment revenue otherwise excluded under the Merged Area Redevelopment Plans' limitation on the amount of tax increment revenue that can be allocated to the Agency) is \$2,347,226,415 and \$2,185,407,838, respectively.

(ii) The amount of Tax Increment Revenue and Housing Set-Aside Amounts remaining available to be received by the Agency under the Merged Area Redevelopment Plans (but not including any tax increment revenue otherwise excluded under the Merged Area Redevelopment Plans' limitation on tax increment revenue that can be allocated to the Agency) through Fiscal Year 2006-2007 and Fiscal Year 2005-2006 is \$5,252,773.585 and \$5,414,592,162, respectively.

(iii) (a) The amount of Tax Increment Revenue and Housing Set-Aside Amounts expected to be received for each of the next three Fiscal Years (assuming a 2% increase in each Fiscal Year), is set forth below:

<u>Fiscal Year</u>	<u>Net Tax Increment Revenue⁽¹⁾</u>	<u>Housing Set-Aside Amounts</u>
2007 - 2008	\$ 144,689,450	\$36,353,128
2008 - 2009	\$ 147,453,087	\$37,080,191
2009 - 2010	\$ 150,402,149	\$37,821,795

(b) The amount of Tax Increment Revenue and Housing Set-Aside Amounts remaining available to be received by the Agency under the Merged Area Redevelopment Plans (but not including any tax increment revenue otherwise excluded under the Merged Area Redevelopment Plans' limitation on Tax Increment Revenue that can be allocated to the Agency), after receipt of the revenues identified in (iii) (a) in each of the next three years is set forth below:

<u>Fiscal Year</u>	<u>Tax Increment Revenue Remaining to be Received⁽¹⁾</u>	<u>Housing Set-Aside Revenue Remaining to be Received</u>
2007 - 2008	\$4,056,083,292	\$1,014,201,589
2008 - 2009	\$3,907,617,917	\$ 977,121,398
2009 - 2010	\$3,756,313,385	\$ 939,299,603

(iv) The future cumulative Annual Debt Service is \$329,065,765.

(v) The future cumulative annual debt service on any Subordinated Indebtedness issued under the Subordinate Agreement (assuming, at the time of calculation, an interest rate on such bonds equal to the 5 year average of the 30 day London Inter Bank Offering Rate or, if such average is not available, the 5 year average of the 30 day Treasury Bill rate for so long as those bonds bear interest at an adjustable rate) is \$131,389,033.

(vi) The future annual cumulative debt service under the Credit Agreement or successor credit agreement as provided in Section 6.01 of the Seventh Supplemental Agreement, is \$0.

(vii) The future annual cumulative payments on any other obligations of the Agency payable from Housing Set-Aside Amounts that are subordinate to the Bonds is \$0.

(viii) The sum of (iv), (v), (vi), and (vii) equals \$460,454,798 is less than ninety percent (90%) of the amount set forth in (ii) with respect to Housing Set-Aside Amounts available to be received as of the prior Fiscal Year or the amount set forth in (iii) with respect to the Housing Set-Aside Amounts available to be received during any of the next three Fiscal Years. [In the event the sum of (iv), (v), (vi) and (vii) is greater than ninety percent (90%) of (y) the amount set forth in (ii) with respect to Housing Set-Aside Amounts in the prior Fiscal Year or (d) the amount set forth in (iii) with respect to Housing Set-Aside Amounts during any of the next three Fiscal Years, the Agency must establish an escrow as provided in Section 6.02 of the Indenture or otherwise adopt a plan approved by an Independent Redevelopment Consultant as provided in said Section 6.02].

(ix) The amount of Tax Increment Revenue and Housing Set-Aside Amounts received by the Agency during the Fiscal Year 2006-2007 and Fiscal Year 2005-2006 was \$161,818,577 and \$149,818,668, respectively.

(x) The amount of Housing Set-Aside, if any, used or escrowed during the prior Fiscal Year for use to pay interest on and principal of and redemption premiums, if any, on the Bonds, was \$6,462,103.

(xi) Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture.

Dated: November 30, 2007

REDEVELOPMENT AGENCY OF THE CITY
OF SAN JOSE

BY: David Baum
David Baum
Chief Financial Officer

⁽¹⁾ Represents total tax increment minus 20% statutory housing set-aside and statutory AB1290 Pass-Through.