



*The Redevelopment Agency of the City of San José*

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January 20, 2009

Jim Myers  
Union Bank of California  
Corporate Trust Department  
350 California Street, 11<sup>th</sup> Floor  
San Francisco, CA 94104

Dear Jim:

SUBJECT: Continuing Disclosure for Merged Area Redevelopment Project Tax Allocation Bonds - Series 1993, Series 1997, Series 1998, Series 1999, Series 2002, Series 2003, Series 2004, Series 2005, Series 2006, Series 2007, and Series 2008 (all main Cusip No. 798147)

Pursuant to the Continuing Disclosure Agreement for the Merged Area Redevelopment Project Tax Allocation Bonds, I hereby submit the following required Annual Report for fiscal year ended June 30, 2008:

1. Agency's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008 is available at the Agency's web site at <http://www.sjredevelopment.org/Finance/financialinfo.htm>.
2. Schedule of Total Merged Area Available Tax Increment - Table 1.
3. Projected Debt Service Coverage - Table II.
4. Description of Parity Debt (date, amount, term, rating, insurance) issued by the Agency in the fiscal year to which the Annual Report pertains:

Date Issued: *November 13, 2008*

Parity Debt Issued: *Merged Area Redevelopment Project Tax Allocation Bonds 2008, Series B*

Amount: *\$80,145,000*

Term: *Serially due thru 2035 (27 years)*

Rating: *A3 (Moody's), A- (S&P), A- (Fitch)*

Date Issued: *December 17, 2008*

Parity Debt Issued: *Merged Area Redevelopment Project Tax Allocation Bonds 2008, Series A*

Amount: *\$37,150,000*

Term: *Serially due thru 2018 (10 years)*

Rating: *A3 (Moody's), A- (S&P), A- (Fitch)*

5. 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 26, 2008.

As the Dissemination Agent for the Tax Allocation 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, 2009 due date to the Municipal Advisory Council of Texas thru its web site at [www.DisclosureUSA.org](http://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, Principal 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  
Total Merged Area Available Tax Revenues  
Fiscal Year Ended June 30, 2008**

Table I

Fiscal Year	Incremental Taxable Value	Tax Allocation (1)	Plus Supplemental Assessment	Less Housing Set-Aside	Less Rincon Requirement (2)	Less AB 1290 Payments (3)	Less Senior Pass-Through (3)	Tax Revenues Available for Debt Service
1984/85	2,837,105,000	\$ 34,642,774	\$ 197,664	\$ 6,968,088	\$ 250,596	\$ -	\$ 2,231,749	\$ 25,390,005
1985/86	3,456,929,000	42,558,214	1,886,475	8,888,938	2,564,906	-	1,279,631	31,711,214
1986/87	4,202,613,000	47,283,475	2,584,010	9,973,497	2,534,000	-	-	37,359,988
1987/88	4,406,847,000	49,001,869	1,809,274	10,162,229	2,589,906	-	-	38,059,008
1988/89	5,066,800,000	57,043,205	1,362,140	11,681,069	2,248,775	-	1,479,127	42,996,374
1989/90	5,410,430,000	61,841,034	1,146,698	12,597,546	2,249,000	-	1,460,996	46,680,190
1990/91	5,848,605,000	64,789,744	1,542,369	13,266,423	2,174,000	-	1,600,503	49,291,187
1991/92	6,237,299,000	68,969,865	1,061,533	14,006,280	2,050,000	-	1,621,524	52,353,594
1992/93	6,421,209,000	69,579,880	1,470,116	14,209,999	-	-	1,670,148	55,169,849
1993/94	6,492,990,000	69,755,126	767,950	14,104,615	-	-	32,263	56,386,198
1994/95	6,034,449,000	65,369,460	923,349	13,258,562	-	-	32,263	53,001,984
1995/96	6,282,826,000	67,877,862	355,213	13,646,615	-	-	32,894	54,553,566
1996/97	6,951,525,000	74,371,699	1,650,373	15,204,414	-	-	33,538	60,784,120
1997/98	8,223,179,091	91,113,164	5,100,111	19,242,655	-	-	34,195	76,936,425
1998/99	9,933,973,046	106,298,489	5,918,307	22,443,359	-	-	34,864	89,738,573
1999/00	11,273,810,711	119,982,229	9,699,245	25,936,295	-	-	35,546	103,709,633
2000/01	12,684,748,178	134,649,256	7,502,078	28,430,267	-	-	36,242	113,684,825
2001/02	16,775,688,837	175,926,065	12,533,009	37,691,815	-	-	36,952	150,730,307
2002/03	17,635,836,531	187,447,745	10,577,850	39,605,119	-	1,832,408	-	156,588,068
2003/04	15,865,534,711	168,015,004	2,193,031	34,041,607	-	664,302	-	135,502,126
2004/05	13,943,724,073	148,329,398	1,647,080	29,995,295	-	461,364	-	119,519,819
2005/06	13,918,468,871	148,327,820	1,490,848	29,963,734	-	395,992	-	119,458,942
2006/07	14,994,694,944	159,570,816	2,247,761	32,363,715	-	577,444	-	128,877,418
2007/08	16,956,546,625	179,762,605	5,179,443	36,988,410	-	1,347,102	-	146,606,536

(1) Includes unitary tax revenues.

(2) The 1977 Rincon Bonds were defeased in April 1992 by a deposit of cash in an escrow which provides for their full payment, thus no payments on the 1977 Rincon Bonds were made past fiscal year 1991/92.

(3) In 1993, the obligation to make payment under the County Agreement became subordinate to payments on the Bonds. Also in 1993, the Agency entered into a Settlement Agreement with a school district, which has been superseded by a statutory obligation to make a pass-through payments.

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE  
 MERGED AREA REDEVELOPMENT PROJECT  
 Projected Debt Service Coverage  
 June 30, 2008**

Table II

Tax Revenues	\$ 179,762,605
Anticipated Unitary Revenues	-
Supplemental Assessment	5,179,443
Allowances for Completed Construction	-
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Gross Tax Allocation Revenues	184,942,048
Less: AB 1290 Pass-Through Housing Set-Aside (20%)	(1,347,102) (36,988,410)
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Tax Revenue Available for Debt Service	\$ 146,606,536
Maximum Annual Debt Service on the Senior Lien, Parity Bonds (1)	\$ 122,594,960
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Coverage	120%
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(1) Total highest year debt service payment for 1993, 1997, 1998, 1999, 2002, 2003, 2004, 2005, 2006 and 2007 Bonds.

**FORM OF CERTIFICATE OF THE REDEVELOPMENT AGENCY OF  
THE CITY OF SAN JOSE PURSUANT TO SECTION 35.05 OF THE INDENTURE  
RELATING TO ITS TAX ALLOCATION BONDS**

The undersigned, the Chief Financial Officer of the Redevelopment Agency of the City of San José (the "Agency"), hereby certifies, pursuant to Section 35.05 of the Sixth Supplemental Indenture dated as of August 1, 2003 (the "Indenture") by and between the Agency and Union Bank of California, as trustee (the "Trustee"), hereby certifies as follows:

(i) The amount of tax increment revenue received by the Agency through Fiscal Year 2007-2008 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 \$2,522,700,620.

(ii) The amount of tax increment revenue 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) is \$5,077,299,380.

(iii) (a) The amount of tax increment revenue 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<sup>(1)</sup></u>
2008 – 2009	\$195,217,000
2009 – 2010	\$199,121,340
2010 – 2011	\$203,103,767

(b) The amount of tax increment revenue 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>Net Tax Increment Revenue Remaining to be Received<sup>(1)</sup></u>
2008 – 2009	\$3,953,385,782
2009 – 2010	\$3,832,687,551
2010 – 2011	\$3,670,187,620

(iv) The future cumulative annual debt service on the obligations list in (i) through (iv) of Section 35.05 of the Indenture, calculated as provided in said Section, is \$2,840,677,581.

(v) The future cumulative annual debt service on any Subordinated Indebtedness (determine as set forth in Section 6.08(i) of the 2003 Subordinate Indenture is \$424,824,725.

(vi) The sum of (iv) and (v) equals \$3,265,502,306. The amount is less than ninety percent (90%) of the amount set forth in (ii) with respect to tax increment revenues available to be received as of the prior Fiscal Year or the amount set forth in (iii) (b) with respect to the tax increment revenues available to be received during any of the next three Fiscal Years. [In the event the amount set forth in (iv) is greater than ninety percent (90%) of (y) the amount set forth in (ii) with respect to tax increment revenue in the prior Fiscal Year or (d) the amount set forth in (iii) (b) with respect to tax increment revenue during any of the next three Fiscal Years, the Agency must establish an escrow as provided in Section 35.05 of the Indenture or otherwise adopt a plan approved by an Independent Redevelopment Consultant as provided in said Section 35.05].

(vii) The amount of tax increment revenue received by the Agency during the prior Fiscal Year was \$184,942,048.

(viii) The amount of tax increment revenue, 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 2003 Bonds, was \$6,228,014.

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

Dated: November 26, 2008

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.