

January 28, 2011

Dania D. Samai  
Vice President  
Wells Fargo Bank, NA  
MAC: E2818-176  
707 Wilshire Blvd., 17th Floor  
Los Angeles, CA 90017

Dear Dania:

SUBJECT: Continuing Disclosure for San Jose Redevelopment Project Housing  
Set-Aside Bonds - Series 1997, 2003, 2005 and 2010 (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, 2010:

1. Agency's Comprehensive Annual Financial Report for the fiscal year ended June 30,  
2010 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:

Out of the top ten payers, *Cisco System* has 26 appeals with current assessed value of \$948 million and is requesting a \$395 million reduction, *Blackhawk Parent LLC* has 3 appeals with current assessed value of \$153 million and is requesting a \$40 million reduction, *Hitachi* has 16 appeals with current assessed value of \$617 million and is requesting a \$436 million reduction, *Carr NP Properties LLC* has 4 appeals with current assessed value of \$74 million and is requesting a \$14 million reduction, *Adobe* has 2 appeals with current assessed value of \$159 million and is requesting a \$34 million reduction, *eBay* has 1 appeal with a current assessed value of \$160 million and is

requesting a \$22 million reduction, *Mission West Properties LP* has 1 appeal with a current assessed value of \$24 million and is requesting a \$6 million reduction, and *Park Center Plaza Inv* has 5 appeals with a current assessed value of \$173 million and is requesting a \$121 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:

Date Issued: *April 29, 2010*

Parity Debt Issued: *Housing Set-Aside Tax Allocation Bonds, Series 2010A and Series 2010B*

Total Amount: *\$67,405,000*

Term: *Serially due thru 2035 (25 years)*

Rating: *A1 (Moody's), A (S&P), A (Fitch)*

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 29, 2010)

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, 2011 due date to the Electronic Municipal Market Access system or EMMA at <http://emma.msrb.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  
 Actual Assessed Value and Housing Set-Aside Amount  
 Fiscal Years 1984-1985 through 2009-2010**

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	16,775,688,837	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
2007/08	16,956,546,625	179,762,605	5,179,443	184,942,048	36,988,410
2008/09	18,414,211,449	194,929,441	7,416,481	202,345,922	40,469,184
2009/10	18,907,453,699	200,113,315	2,296,051	202,409,366	40,481,873

(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  
 As of the Fiscal Year Ended June 30, 2010**

Table II

Year-end	Tax Increment Revenue	Housing Set-aside	Combined Senior Lien Debt Service	Debt Service Coverage
8/1/2010	187,328,000	37,465,600	19,813,525	1.89
8/1/2011	183,641,440	36,728,288	19,812,555	1.85
8/1/2012	189,783,249	37,956,650	19,810,495	1.92
8/1/2013	200,275,011	40,055,002	19,812,711	2.02
8/1/2014	200,275,011	40,055,002	19,813,253	2.02
8/1/2015	200,275,011	40,055,002	19,808,788	2.02
8/1/2016	200,275,011	40,055,002	19,814,813	2.02
8/1/2017	200,275,011	40,055,002	19,814,083	2.02
8/1/2018	200,275,011	40,055,002	19,810,540	2.02
8/1/2019	200,275,011	40,055,002	19,811,636	2.02
8/1/2020	200,275,011	40,055,002	19,814,186	2.02
8/1/2021	200,275,011	40,055,002	19,810,134	2.02
8/1/2022	200,275,011	40,055,002	19,811,142	2.02
8/1/2023	187,363,851	37,472,770	18,533,193	2.02
8/1/2024	187,363,851	37,472,770	18,532,660	2.02
8/1/2025	187,363,851	37,472,770	18,537,335	2.02
8/1/2026	187,363,851	37,472,770	18,536,178	2.02
8/1/2027	187,363,851	37,472,770	18,533,673	2.02
8/1/2028	153,558,180	30,711,636	15,192,730	2.02
8/1/2029	151,572,507	30,314,501	14,993,988	2.02
8/1/2030	128,209,611	25,641,922	12,685,284	2.02
8/1/2031	128,209,611	25,641,922	12,684,314	2.02
8/1/2032	128,209,611	25,641,922	12,684,083	2.02
8/1/2033	84,100,243	16,820,049	8,321,639	2.02
8/1/2034	84,100,243	16,820,049	8,316,384	2.02
8/1/2035	74,632,683	14,926,537	7,384,722	2.02
8/1/2036	13,768,181	2,753,636		
8/1/2037	5,295,305	1,059,061		
8/1/2038	5,295,305	1,059,061		
8/1/2039	5,295,305	1,059,061		
8/1/2040	2,466,017	493,203		
8/1/2041	2,466,017	493,203		

Note: Table provides an indication of the effect on tax increment of the plan termination dates for the various sub-areas. Tax increment is shown with no increase or decrease in assessed valuation from new development, property sales, changes in debt service levies, annual inflationary adjustments under Proposition 13, assessment appeals, Proposition 8 assessment adjustments or other causes.

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE**  
**Merged Area Redevelopment Projects**  
**Twenty Largest Property Owners**  
**Fiscal Year Ending June 30, 2010**  
**(dollars expressed in thousands)**

**Table III**

Taxpayer	Rank	Assessed Secured Value	Assessed Unsecured Value	Total Assessed Value	Percentage of Total Assessed Value
Cisco Systems, Inc.	1	\$ 1,059,585	\$ 1,894,948	\$ 2,954,533	14.77%
Blackhawk Parent LLC	2	843,514	-	843,514	4.22%
The Irvine Company	3	644,135	-	644,135	3.22%
Hitachi Global Storage Techs, Inc.	4	617,312	-	617,312	3.09%
CarrAmerica Realty Corp.	5	411,738	6	411,744	2.06%
Adobe Systems	6	301,087	865	301,952	1.51%
eBay Inc	7	237,917	529	238,446	1.19%
Mission West Properties	8	214,429	-	214,429	1.07%
Cadence Design Systems	9	207,621	-	207,621	1.04%
Park Center Plaza Investors LP	10	172,890	-	172,890	0.86%
Novellus Systems Inc	11	170,338	62	170,400	0.85%
Altera Corporation	12	150,609	-	150,609	0.75%
Sobrato Companies	13	147,497	-	147,497	0.74%
BEA Systems, Inc	14	140,454	-	140,454	0.70%
Silicon valley CA I LLC	15	140,139	-	140,139	0.70%
Shea Homes	16	132,390	-	132,390	0.66%
BP Zankers Rd LLC	17	131,090	-	131,090	0.66%
Legacy Partners	18	127,969	-	127,969	0.64%
AMB Property Company	19	121,486	-	121,486	0.61%
La Salle Montague Inc	20	116,203	-	116,203	0.58%
Totals - Twenty Largest Property Owners		<u>\$ 6,088,403</u>	<u>\$ 1,896,410</u>	<u>\$ 7,984,813</u>	<u>39.92%</u>
Total assessed value in the tax generating area of the Merged Area		<u>\$ 15,888,334</u>	<u>\$ 4,115,097</u>	<u>\$ 20,003,431</u>	<u>100%</u>

Source: Redevelopment Agency of the City of San Jose, Santa Clara County Assessor, and Urban Analytics, LLC.

**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**

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 2009-2010 and Fiscal Year 2008-2009 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 \$2,927,455,908 and \$2,725,046,542, 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 2009-2010 and Fiscal Year 2008-2009 is \$12,072,544,092 and \$12,274,953,458, respectively.

Note: The Agency increased its tax increment limit from \$7.6 billion to \$15 billion on April 7, 2009.

(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<sup>(1)</sup></u>	<u>Housing Set-Aside Amounts</u>
2010 – 2011	\$ 146,701,684	\$37,465,600
2011 – 2012	\$ 149,635,718	\$38,214,912
2012 – 2013	\$ 152,628,432	\$38,979,210

(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>	Tax Increment Revenue Remaining to be <u>Received</u> <sup>(1)</sup>	Housing Set-Aside Revenue Remaining to be <u>Received</u>
2010 – 2011	\$9,553,436,933	\$ 2,377,043,218
2011 – 2012	\$9,439,253,890	\$ 2,348,513,261
2012 – 2013	\$9,283,272,571	\$ 2,309,534,051

(iv) The future cumulative Annual Debt Service (fixed rate housing bonds) is \$437,655,069.

(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 \$119,165,293.

(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 payment 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 \$556,820,362 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 2009-2010 and Fiscal Year 2008-2009 was \$202,409,366 and \$202,345,922, 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 (2003 & 2005 Housing Bonds), was \$18,987,677.

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

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

Dated: November 29, 2010

REDEVELOPMENT AGENCY OF THE CITY  
OF SAN JOSE

BY: *David Baum*  
David Baum  
Chief Financial Officer

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