

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

| | |
|--------------------------------|---|
| TO: REDEVELOPMENT AGENCY BOARD | FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR |
| SUBJECT: BOND SALE RESULTS | DATE: DECEMBER 3, 2008 |

INFORMATION

On November 18, 2008, the Redevelopment Agency Board approved the issuance of the Merged Area Redevelopment Project Tax Allocation Bonds, Series 2008A (the "Bonds"). The Executive Director was authorized to award the Bonds to the most favorable bidder in an amount not-to-exceed \$38,855,000 at a true interest cost (TIC) not-to-exceed 7.5%.

Today, at 8:30 a.m., one qualifying bid was received for the Bonds. The winning bid from Citigroup Global Markets produced a TIC of 6.62%. The par amount of the Bonds is \$37,150,000. The final maturity of Series B is 2018. Citigroup's underwriting syndicate included Stone & Youngberg and Morgan Stanley. Citigroup is the leading underwriter of tax allocation bonds and is therefore equipped to provide the best price for the Bonds.

While the Agency is accustomed to receiving multiple bids for its bond sales, the global financial crisis has reduced available credit in the municipal market. One issuer seeking bids today, the Port Authority of New York & New Jersey, received no bids for its highly rated \$300 million debt issue.

The closing date for the Bonds is expected to be December 16, 2008. The Bonds received A-, A3, and A- ratings from S&P, Moody's and Fitch respectively.

Based on these sales proceeds, the Agency is able to fund the capital expenditures contemplated in its proposed FY 2008-09 Capital Budget.



HARRY S. MAVROGENES
Executive Director