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San Jose Redevelopment Gets Financial Boost
\$134 million bond sale a vote of confidence in San Jose by investors

San José --- Long-term investments in San José neighborhoods, Downtown improvements, and affordable housing will stay on course as the result of a successful sale of \$135 million of tax allocation bonds today by the San Jose Redevelopment Agency (SJRA).

As a result of the competitive sale this morning, the SJRA placed the bond issue at very low interest rates that reflect the continuing confidence of the financial community in San Jose's economic future and the Agency's management of funds and projects.

"Redevelopment is an essential tool for economic recovery in San José now and our quality of life and prosperity in the future," said San Jose Mayor Ron Gonzales. "Today's bond issue enables us to continue to make a real difference for creating jobs, expanding business opportunities, and nurturing our neighborhoods and Downtown."

The SJRA's credit strength and successful development track record appealed to investors. The winning interest rate bid by the Citigroup Global Markets Inc. was 4.95%, which is similar to the rate of the Agency bond issue of \$350 million sold in January 2002.

"This sale clearly is a vote of confidence for San Jose by the investment community," said SJRA Finance Director David Baum. "We have an excellent record of success, and the long-term economic fundamentals for our City are very strong."

Stable policies and management, a large and diversified project area, and historically conservative financing structures contributed to the credit strength of the SJRA.

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Last week three credit rating agencies gave the Redevelopment Agency very favorable ratings following their assessment of Agency and community financial conditions. Both Standard & Poor's and Fitch Ratings assigned the SJRA "A-Stable" ratings. Moody's gave the Agency an "A3-Stable" rating, one notch lower than its prior rating. FGIC, a bond insurance company, provided bond insurance upgrading the overall SJRA rating to "AAA" (Insured).

Fitch's rating report noted that recently completed and current construction will offset recent declines in assessed valuation in redevelopment project areas. Standard & Poor's also acknowledged that San Jose Redevelopment project areas are well-positioned for a rebound based on the City's strong economic base and indications of economic recovery.

The Agency's capital improvement program for the current year includes approximately \$150 million for the development of affordable and market-rate housing, Downtown and neighborhood improvements, and industrial and economic development.

Last week, Mayor Gonzales and the Agency launched the San Jose Bioscience Incubator and Innovation Center at a groundbreaking in the Edenvale Technology Park in South San José. The project, the first on the West Coast, will support the development of new technologies and entrepreneurs in the field of bioscience and biotechnology.

"Downtown has unfinished projects that still need public-sector financial support. The capability of the Redevelopment Agency to make significant investments in Downtown San José continues to be a powerful tool for economic development that is vital to our community," said Scott Knies, executive director of the San Jose Downtown Association.

Other key projects that will be funded by this bond issue include improvements for many San José neighborhoods through the Strong Neighborhoods Initiative. Residents and businesses in 20 neighborhoods have identified projects including sidewalk repairs, park and community center developments, and traffic relief as priorities for their communities.

"With the availability of these resources, the City and Redevelopment Agency have affirmed their commitment to San José neighborhoods," said Autumn Gutierrez, neighborhood leader and co-chair of the Strong Neighborhoods Initiative Project Area Committee. "Our neighborhoods have been waiting for these improvements for a long time, and we have worked really hard to develop our specific neighborhood plans. Now the implementation can proceed."

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