



SUPPLEMENTAL

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL AND CITY
OF SAN JOSE FINANCING
AUTHORITY BOARD

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: October 8, 2008

Approved

Date

10/8/08

COUNCIL DISTRICT: Citywide

SUBJECT: ACTIONS RELATED TO THE CITY OF SAN JOSE FINANCING
AUTHORITY'S COMMERCIAL PAPER AND LEASE REVENUE BOND
PROGRAMS

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL MEMORANDUM

This supplemental memorandum provides an update to the assignment of the Amended and Restated Commercial Paper Dealer Agreement ("CP Dealer Agreement") from Lehman Brothers Inc. to Barclays Capital Inc. Staff recommended in the memorandum dated October 1, 2008 that the City of San José Financing Authority Board delegate to the Executive Director or the Executive Director's designee the authority to consent to this assignment.

Subsequently, on October 2, 2008, staff received a copy of an order issued on September 29, 2008 by the United States Bankruptcy Judge assigned to the bankruptcy case of Lehman Brothers Inc.'s parent company. Under the bankruptcy court's order, the City of San José Financing Authority is no longer required to execute a formal consent of the assignment. Instead, the assignment is automatic unless the Authority Board filed a formal objection within 10 days of the court order.

As a result of the bankruptcy court order, there is no need for the Authority Board to take action to delegate to the Executive Director or the Executive Director's designee the authority to consent to the assignment of the CP Dealer Agreement from Lehman Brothers Inc. to Barclays Capital Inc. Although the assignment of the CP Dealer will have occurred by the October 21, 2008 joint meeting of the Authority Board and City Council, per the CP Dealer Agreement, the

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Authority retains the right to replace Barclays as CP Dealer under the terms of the CP Dealer Agreement at any time if the Authority wishes to do so in the future.



JULIA H. COOPER
Deputy Director, Finance

For questions, please contact David Persselin, Debt Administrator, Finance, at (408) 535-7012.