



Memorandum

TO: MAKING GOVERNMENT WORK
BETTER COMMITTEE

FROM: Scott P. Johnson

SUBJECT: FY 2005-06 THIRD QUARTER
DEBT REPORT

DATE: May 4, 2006

Approved

Date

COUNCIL DISTRICT: City-Wide

RECOMMENDATIONS

Accept the FY 2005-06 Third Quarter Debt Report.

DISCUSSION

Attached is a copy of the FY 2005-06 Third Quarter Debt Report focusing on:

- Completed financings and current portfolio through March 31, 2006
- Debt issuance and management activities currently in progress
- Current long-term interest rate environment
- Performance of City's variable rate debt

Staff from the Finance Department will make a formal presentation to the Making Government Work Better Committee at the May 18, 2006, meeting.

SCOTT P. JOHNSON
Director, Finance Department

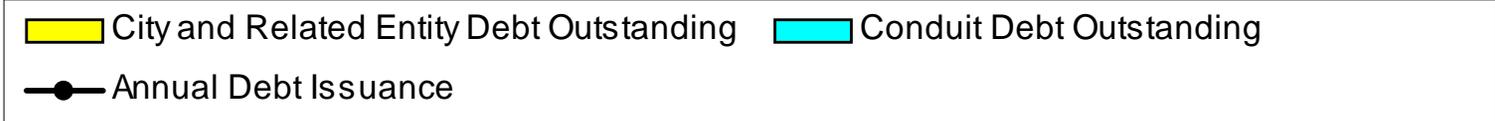
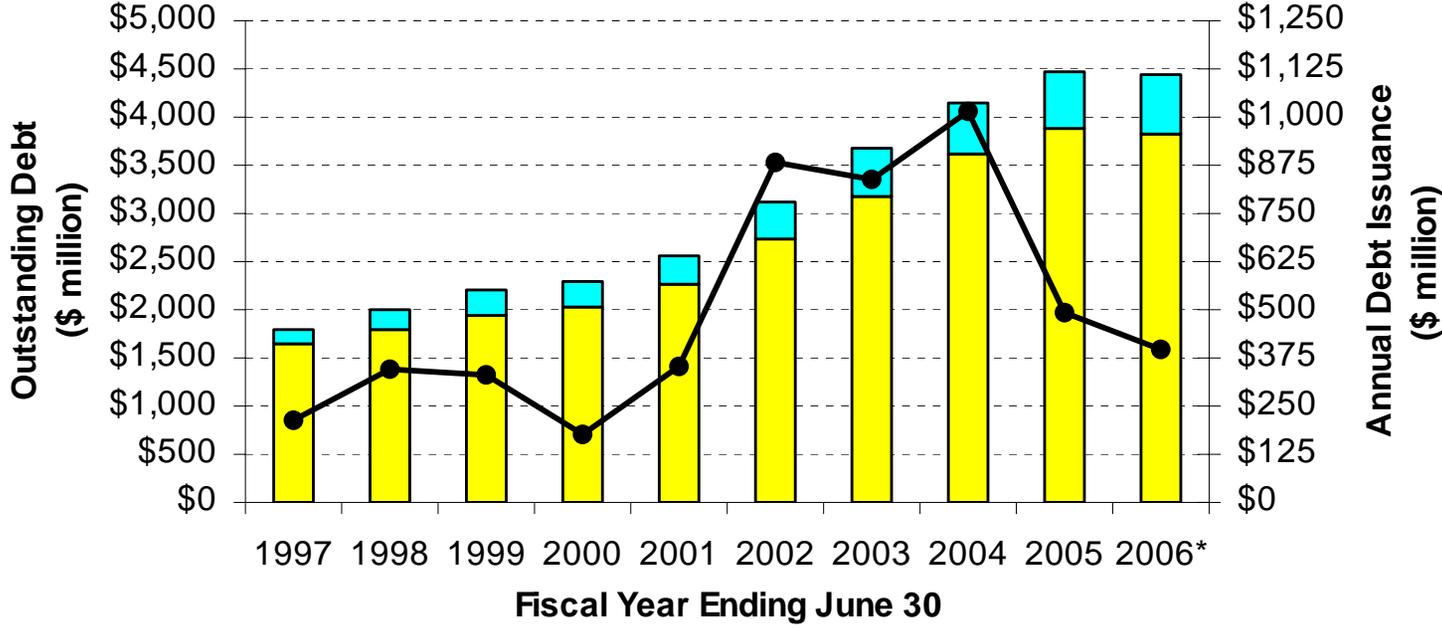
Attachment

FY 2005-06 Third Quarter Debt Report

Making Government Work Better Committee

Finance Department
Debt Management Program
May 18, 2006

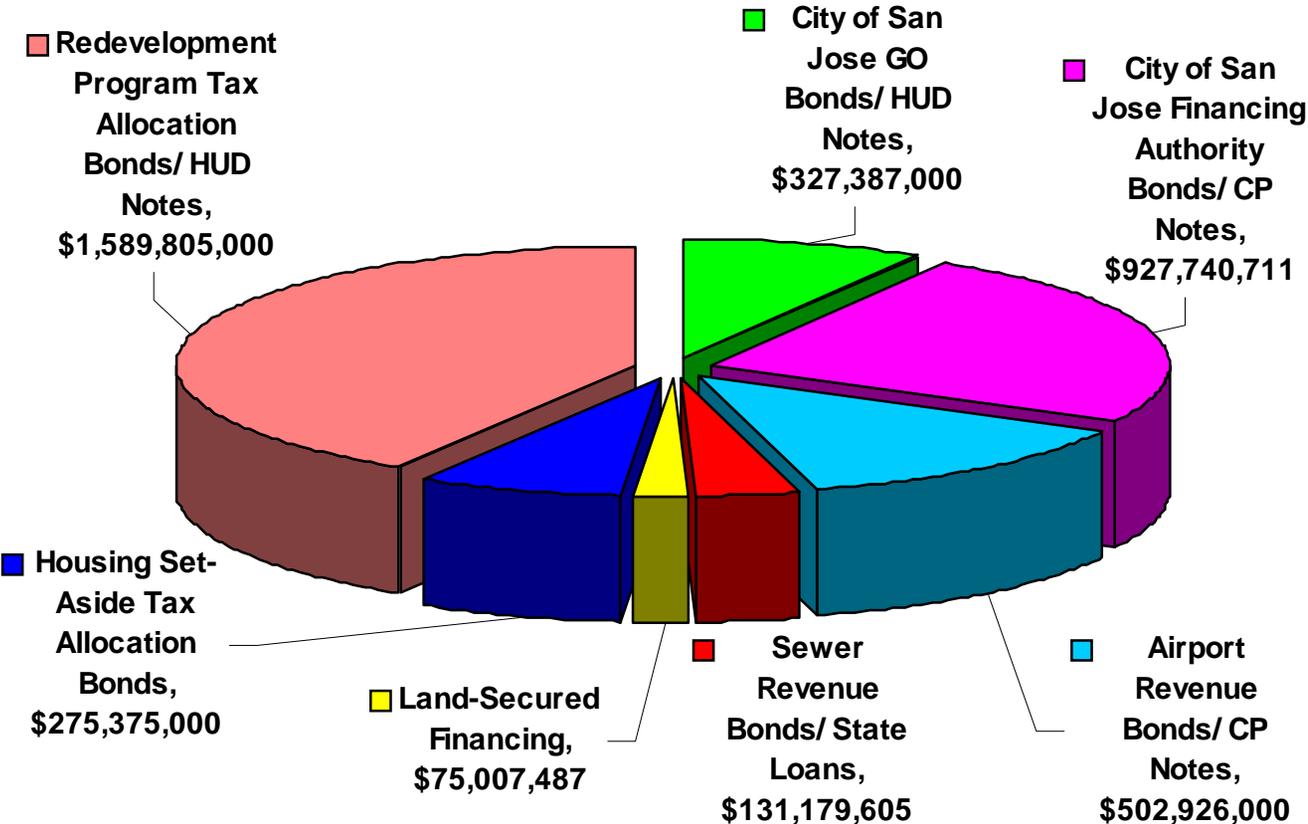
City Debt Portfolio and Issuance History



* Through March 31, 2006.

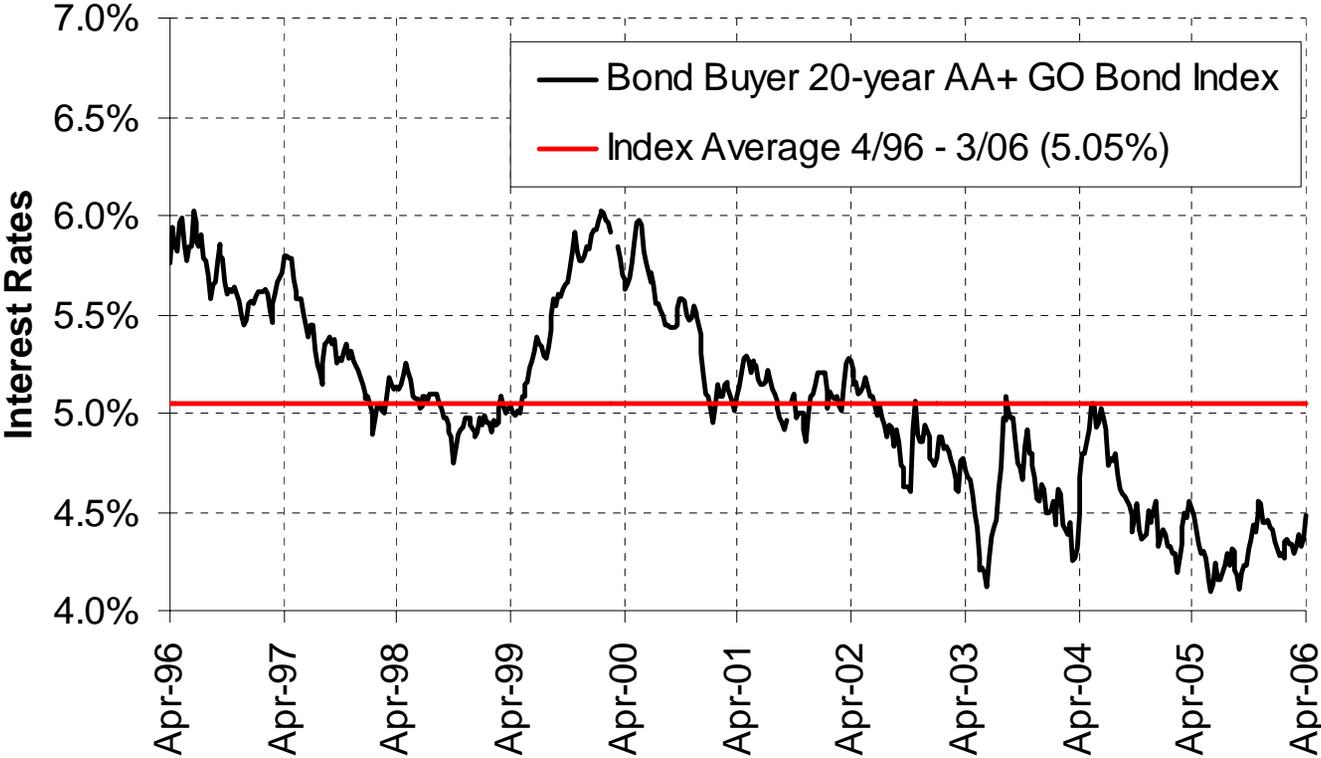
Outstanding Bonds Issued by All Agencies

Outstanding Debt as of March 31, 2006: \$3,829,420,803



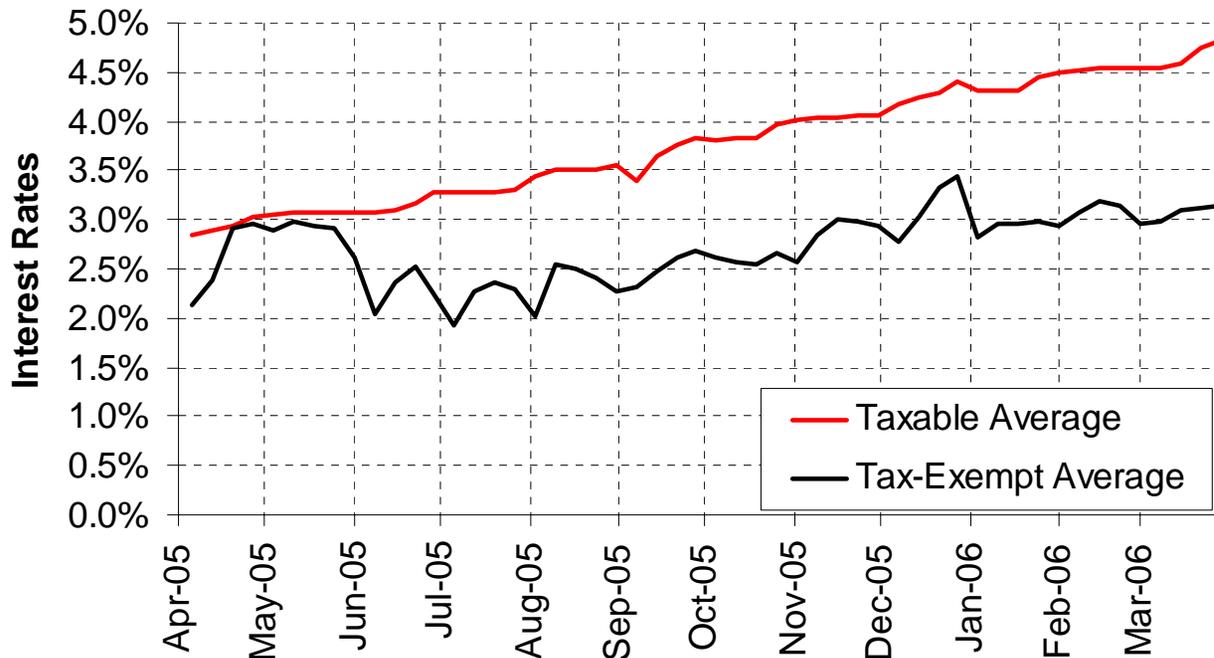
Average Fixed Tax-Exempt Rates

- Tax-exempt long-term interest rates began to move higher during the third quarter of 2005-06. Current rates (4.55% as of 4/28/06) remain below their ten-year average.



Average Variable Taxable and Tax-Exempt Interest Rates

- Tax-exempt weekly interest rates paid by the City have averaged 2.80% in fiscal year 2005-06, and are currently at 3.74% (as of 4/28/06)
 - 88 basis point increase from July 1, 2005 to March 31, 2006
- Taxable weekly interest rates paid by the City have averaged 4.08% in fiscal year 2005-06, and are currently at 4.85% (as of 4/28/06)
 - 153 basis point increase from July 1, 2005 to March 31, 2006



Debt Issuance and Debt Management Activities during 3rd Quarter and in Progress

- HUD Section 108 Loan
 - FMC Land Acquisition Phase II
 - \$25 million, Expected to Close May 2006
- Lease Revenue Bonds
 - Conversion and Refunding of Civic Center Bonds
 - \$60 million, Expected to Close June 2006
- General Obligation Bonds
 - Libraries and Parks projects
 - \$110 million, Expected to Close June 2006
- Evergreen♦East Hills Vision Strategy Trade-Off Analysis
 - Assisted consultant with January 13 Task Force presentation
 - Coordinating preliminary appraisal activities
- North Coyote Flood Control Improvements
 - Coordinating appraisal activities

City of San Jose – Credit Rating

- Rating presentations May 11 and May 15, 2006
- No anticipated change in ratings since last confirmed in June 2005 -- Aa1/AA+/AA+
- Demonstrates City's overall strong credit worthiness
- Remain highest rated City with populations of over 250,000 in California
- Ranked higher than State of California (A2/A/A) and County of Santa Clara (Aa2/AA+/-)