



News Release

For Immediate Release:
August 24, 2007

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\$725 million in San José Airport Revenue Bonds Successfully Sold *Funding for Comprehensive Airport Improvements*

San José, CA – The City of San José successfully sold \$725 million in airport revenue bonds on August 22 to provide funding for the first phase of a comprehensive program to upgrade and replace terminal facilities at Mineta San José International Airport.

True Interest Cost on the Series 2007 Bonds was 5.30%, and overall they bear interest at rates ranging from 4.25% to 6.00%, and mature on March 1, 2047.

Debt service for the 2007 Bonds will average \$45 million per year through 2032, which is lower than the assumptions in the airport's financial feasibility report that projected average annual debt service of \$47.7 million for the forecast period.

“We're very pleased with the strong interest of the financial markets in our airport credit,” said Scott Johnson, San José Director of Finance. “Judging by the fact that there were orders for over \$1 billion for our \$725 million bond issue is a clear indication of our city's strong credit quality, especially in a volatile market.”

The bond issue is the largest single offering issued by the City of San José to date. Proceeds of the bonds will finance a portion of the first phase of the Airport's terminal area improvement program, which is estimated to cost approximately \$1.3 billion and will be completed in 2010.

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“We’re excited about the very favorable results from this bond sale that will help us build a new airport for the people of San José and the Silicon Valley economy,” said Bill Sherry, San José Director of Aviation.

“It’s a testimony to the excellent work of our staff, our strong partnership with our airlines, and the confidence of the financial community in our vision and our ability to deliver a great airport for the 21st century.”

Phase 1 includes renovation and expansion of Terminal A, completion of the new North Concourse, the first half of the new Terminal B and removal of the old Terminal C, improvements for parking and roadways, and a consolidated rental car facility.

In July all three nationally recognized rating agencies – Moody’s Investor Service, Standard & Poor’s Ratings Services, and Fitch Ratings – affirmed their current ratings on the city’s outstanding airport revenue bonds, assigning underlying ratings of A2, A, and A+, respectively.

Mineta San José International Airport’s revenue bonds are a critical funding source for Airport capital projects, which are financed without the use of local tax dollars. All the costs of Airport operations and debt service are paid from operating revenues that include landing fees, space rentals and additional revenue generated from airlines, concessions, other commercial users of the Airport’s facilities, passenger and customer facilities charges, and federal grants.

About Mineta San José International Airport

Mineta San José International Airport is a self-supporting enterprise owned and operated by the City of San José. SJC served 10.7 million passengers and handled approximately 209 million pounds of air cargo in 2006. SJC has 189 flights a day on 13 domestic and international carriers to 30 nonstop destinations.

The airport annually generates more than \$100 million in operating revenue. Mineta San José International Airport also generates \$4 billion in direct business spending in the local community and 70,000 jobs in the San José Area.

Mineta San José International Airport is located in San José, California’s third largest city and the nation’s 10th largest city with a population of 974,000. For more Airport information, visit www.sjc.org, or call Airport Customer Service at (408) 501-0979.

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