

July 15, 2009

Mr. Don Gralnek
Executive Vice President and General Counsel
HP Pavilion Management
525 West Santa Clara Street
San Jose, CA 95113

Dear Don:

This letter is to advise you and representatives of HP Pavilion Management that a series of Arena Fees, as identified in the Amended and Restated Arena Management Agreement Between the City of San Jose and HP Pavilion Management, are due to the City on August 1, 2009. As you know, the payments scheduled for August 1, 2009 are identified as City Related Accounts and are based on the Extended Term provisions of the Management Agreement. For your reference, August 1, 2009 constitutes Term Year 17 with a list of the 17th term year fee items listed below:

- Building Rent
- Hockey Rent
- Building Naming Revenue
- Pavilion Club Naming Revenue (due October 10th of each year during term)
- Capital Repairs and Replacements Reserve Fund
- Capital Repairs and Replacements Enhancement Fund
- Pavilion On-Site Parking (per April 24, 2007 Addendum)

In determining fee payment calculations, Manager is entitled to deduct from the Arena Fee any portion of any possessory interest property tax imposed on Manager (but excluding any possessory interest taxes assessed on the Sharks offices and club) which is allocated to and received by the City or the Redevelopment Agency, less set asides required under state law.

Following HP Pavilion Management's submittal of the August 1, 2009 payment to the City, the Arena Authority will be in contact with you to arrange a meeting with City representatives. As has been the practice in previous years, the purpose of the meeting will be for all parties to review pertinent records and calculations that were applied to determine the annual payments made to the City. Per the terms of the Management Agreement, please provide in advance the necessary supporting documents and financial records to the City for the City Related Accounts in preparation of the annual payment review meeting. If you have any comments or questions relating to the items addressed in this correspondence please feel free to contact me.

Sincerely,



Chris Morrissey
Executive Director

cc: Members of the Arena Authority Board of Directors
Patricia Deignan, City Attorney's Office
Kenn Lee, City Manager's Budget Office
Sharon Winslow Erickson, City Auditor's Office

For July 4, S.J. Giants come through in the clutch

The San Jose Giants have pulled off the biggest save of the season.

The team is announcing today that — thanks to a partnership with the city of San Jose, San Jose State University and Comcast — Fourth of July revelers can watch its expanded fireworks show for free on Saturday.

"No one wanted to see the annual fireworks show leave downtown, but in these tough economic times we need to be creative," San Jose Giants President Jim Weyermann said. He praised the support of groups that came together, especially San Jose Mayor Chuck Reed, who he said "took the lead, brought us all together and made this happen."

The show will take place after the Giants' 6:30 p.m. game against the Modesto Nuts at Municipal Stadium. The public is invited to

watch the fireworks from San Jose State's East Field, next to Spartan Stadium on 10th and Alma streets, or at Kelley Park on Alma and Senter Road.

Parking will be available for \$8 at Municipal Stadium, Bud Winter Field, Kelley Park and San Jose State's Seventh Street garage. You can bring blankets or chairs, but it's a good idea to leave coolers at home (and alcohol isn't allowed, either).

Comcast, which kicked in additional funding to expand the show, also will be broadcasting the game and fireworks on Comcast Home-town Network (Ch. 104).

It's a happy ending for an Independence Day that was in danger of fizzling after the downtown San Jose America Festival was called off because of diminished funds from sponsors and the city. About 150,000 people filled the park and surrounding downtown streets last year to watch the July 4 fireworks show.