

**JOINT CITY OF SAN JOSÉ REDEVELOPMENT AGENCY/  
CITY COUNCIL/SAN JOSÉ FINANCING AUTHORITY**

SAN JOSÉ, CALIFORNIA

TUESDAY, JUNE 25, 2002

The Council of the City of San José convened in Joint Session with the San José Redevelopment Agency and the San José Financing Authority at 3:37 p.m. in City Council Chambers at City Hall.

Present: Council Members - Campos, Chavez, Cortese, Dando, LeZotte, Reed, Shirakawa, Jr., Williams, Yeager; Gonzales.

Absent: Council Members - Diquisto (excused).

- 2
- (a) **Conduct a Public Hearing of the City Council concerning the approval of the financing by the City and the City of San José Financing Authority by the issuance of one or more series of bond anticipation notes and lease revenue bonds for a new City Hall and related parking facilities.**
  - (b) **Adoption of a resolution by the City of San José Financing Authority authorizing the issuance of bond anticipation notes in an amount not to exceed \$85 million in connection with the financing of a new City Hall and related parking facilities, authorizing and directing the execution of a Fiscal Agent Agreement, authorizing the negotiated sale of the Notes, approving an Official Statement and authorizing other related actions.**
  - (c) **Adoption of a resolution by the City Council finding and determining that the new City Hall and related parking facilities improvements to be financed with the proceeds of the Notes and Lease Revenue Bonds constitute public capital improvements and that the issuance the Notes, any additional bond anticipation notes and Lease Revenue Bonds and the transactions related will result in significant public benefits and covenanting to cooperate fully with the Authority in the connection with the issuance of Lease Revenue Bonds or refunding Notes in order to refund the Notes and authorizing the execution of the documents necessary to transfer land for the new City Hall and related parking facilities from the Agency to the City and authorizing other related actions.**
  - (d) **Adoption of a resolution by the Redevelopment Agency Board authorizing execution of the documents necessary to transfer land for the new City Hall and related parking facilities from the Agency to the City of San José.**

**(Finance)**

2 (Cont'd.)

Documents filed: (1) Memorandum from Director of Finance Scott P. Johnson, dated June 14, 2002, recommending Council conduct said public hearing pertaining to financing of the new City Hall and related off-site parking facility and adoption of said resolutions by the City Council and City of San José Financing Authority. (2) Supplemental memorandum from Director of Finance Scott P. Johnson, dated June 14, 2002, reporting an increase in the par amount of the Lease Revenue Bond Anticipation Notes for the Civic Center Project from \$80 million to an amount not to exceed \$85 million. (3) Supplemental memorandum from Director of Finance Scott P. Johnson, dated June 18, 2002, transmitting the draft Preliminary Official Statement. (4) Memorandum from Redevelopment Agency Executive Director Susan F. Shick, dated June 20, 2002, recommending the Redevelopment Agency Board adopt a resolution authorizing the Executive Director to execute the documents necessary to transfer land for the new city hall and the related off-site parking facility from the Agency to the City and to execute amendments to the transfer agreement, consistent with the agreement's purpose.

Discussion/Action: William Garbett spoke on the issue. Upon motion by Vice Mayor Shirakawa, Jr., seconded by Council Member Chavez, and unanimously carried, Resolution No. SJFA-55, entitled: "A Resolution of the City of San José Financing Authority Authorizing the Issuance of Lease Revenue Bond Anticipation Notes in Connection with the Financing of Certain Public Capital Improvements, Authorizing and Directing the Execution of a Fiscal Agent Agreement, Authorizing the Negotiated Sale of the Notes, Approving an Official Statement, and Authorizing Other Related Actions"; Resolution No. 71137, entitled: "A Resolution of the City of San José Making Certain Findings and Making Certain Covenants with Respect to the Issuance of Lease Revenue Bond Anticipation Notes by the City of San José Financing Authority for Certain Public Capital Improvements and Approving Certain Other Matters in Connection Therewith"; and Redevelopment Agency Resolution No. 5321, were adopted. Vote: 10-0-1-0. Absent: Diquisto.

3 **Adoption of a resolution by the City of San José Financing Authority approving and ratifying certain easements by and among the City of San José, the San José Redevelopment Agency, and Walton San José Investors III, L.L.C., affecting the Convention Center Parcel and the Marriott Hotel Parcel. (Finance/Redevelopment Agency)**

Documents filed: Memorandum from Director of Finance Scott P. Johnson, dated June 20, 2002, recommending adoption of said resolution pertaining to the Convention Center Parcel-Reciprocal Easement agreement with Walton San José Investors III, LLC.

Discussion/Action: Upon motion by Council Member Chavez, seconded by Vice Mayor Shirakawa, Jr., and unanimously carried, Resolution No. SJFA-56, entitled: "A Resolution of the City of San José Financing Authority Approving and Ratifying Certain Easements By and Among the City of San José, the San Jose Redevelopment Agency, and Walton San José Investors III, LLC, Affecting the Convention Center Parcel and the Marriott Hotel Parcel", was adopted. Vote: 10-0-1-0. Absent: Diquisto.

- 4
- (a) **Adoption of a resolution authorizing the City Manager to negotiate and execute an agreement with Novell, Inc. a Delaware Corporation for the purchase of a parcel of land on Orchard Parkway (formerly O’Nel Drive) at Charcot Avenue (formerly Guadalupe Parkway) in the amount of \$30,000,000, and authorizing the City Manager to execute the necessary documents to complete the transaction.**
  - (b) **Adoption of the following Appropriation Ordinance amendments in the General Fund:**
    - (1) **Establish an appropriation in City-Wide to the Office of the City Manager in the amount of \$300,000 for Novell Property Deposit.**
    - (2) **Reduce General Fund Contingency Reserve by \$300,000.**
  - (c) **Direction to City staff to proceed with the development of the bond financing documents for the issuance of lease revenue bonds to finance the acquisition of the Property.**
  - (d) **Adoption of a resolution of the City of San José Financing Authority stating its intent to issue tax-exempt debt to finance the acquisition of a parcel of land on Orchard Parkway at Charcot Avenue to the extent that the issuance of tax-exempt debt is feasible.**

**CEQA: Exempt, PP02-06-148. (City Manager's Office)**

Documents filed: Memorandum from Senior Deputy City Manager Darrell Dearborn, dated June 12, 2002, recommending (a) Adoption of a resolution authorizing the City Manager to negotiate and execute an agreement with Novel, Inc. a Delaware Corporation for the purchase of a parcel of land on Orchard Parkway at Charcot Avenue, (b) Adoption of appropriation ordinance amendments in the General Fund, (c) Direction to City staff to proceed with the development of the bond financing documents for the issuance of lease revenue bonds to finance the acquisition of the Property, (d) Adoption of a resolution of the City of San José Financing Authority stating its intent to issue tax-exempt debt to finance the acquisition of a parcel of land on Orchard Parkway at Charcot Avenue.

Discussion/Action: City Attorney Doyle reported that he has not received the final agreement back from Novell and requested that it be delegated to the City Manager to negotiate the agreement. Council Member Chavez asked for an update on the strategies for linking the property to the Airport. Darrell Dearborn, Deputy City Manager, explained that currently there are two ways to access the property from the Airport, a shuttle service and a proposed automated people mover (APM), and that the APM would cost approximately \$60 million for this connection and \$100 million to light rail on First Street. He indicated that the APM is not critical to the site at this time, but it can be revisited at a later time. Regarding environmental issues, Council Member Cortese asked if the issue of hazardous material remediation would be returned to Council for consideration. Deputy City Manager Dearborn responded that if Staff finds any toxic conditions that would affect the terms that have been tentatively agreed to with Novell, the information would be brought back to Council. Staff explained that further testing of the property will take place and results will be reported to the Council. Upon motion by Council Member Chavez, seconded by Vice Mayor Shirakawa, Jr., and unanimously carried, Resolution No. 71138, entitled: “A Resolution of the Council of the City of San

**4 (Cont'd.)**

José Authorizing the City Manager to Negotiate and Execute: (1) A Purchase of Property for an Amount Not To Exceed \$30,000,000; and (2) Any Other Necessary Documents Required to Complete the Transactions”; Ordinance No. 26699, entitled: “An Ordinance of the City of San José Amending Ordinance No. 26415 to Appropriate Monies in the General Fund for the Purchase of Property at Orchard Parkway and Charcot Avenue; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption”; and Resolution No. SJFA-57, entitled: “Resolution of the City of San José Financing Authority Stating its Intent to Issue Tax-Exempt Debt to Finance the Acquisition of a Parcel of Land on Orchard Property at Charcot Avenue to the Extent the Issuance of Tax-Exempt Debt is Feasible”, were adopted, and the City Staff was directed to proceed with the development of the bond financing documents for the issuance of lease revenue bonds to finance the acquisition of the Property. Vote: 10-0-1-0. Absent: Diquisto.

**ADJOURNMENT**

The San José Financing Authority adjourned at 3:45 p.m.

**RON GONZALES, MAYOR**

**ATTEST:**

**PATRICIA L. O’HEARN  
CITY CLERK**

dc/mp-6-25-02