

**MINUTES OF THE JOINT SAN JOSÉ CITY COUNCIL
AND REDEVELOPMENT AGENCY BOARD**

SAN JOSÉ, CALIFORNIA

TUESDAY, APRIL 13, 2004

The Council of the City of San José convened at 2:42 p.m. to hear Item 7.1 in a Joint Session with the Redevelopment Agency Board in Council Chambers at City Hall.

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

Absent: Council Members - Chirco, Gregory. (Excused)

JOINT REDEVELOPMENT AGENCY/CITY COUNCIL ITEM

7.1 Approval of actions for the sale of Merged Area Redevelopment Project Tax Allocation Refunding Bonds Series 2004 in an aggregate principal amount not to exceed \$700,000,000.

(a) Adoption of a resolution by the Agency Board.

- (1) Authoring the issuance of Merged Area Redevelopment Project Tax Allocation Refunding Bonds Series 2004A in a principal amount not to exceed \$700,000,000 (the “Refunding Bonds”); and approving in substantially final form the Seventh Supplemental Indenture of Trust with Union Bank, as Trustee;**
- (2) Approving the negotiated sale of Bonds to a team of Underwriters senior managed by JP Morgan Securities, Inc.;**
- (3) Approving in substantially final form the Preliminary Official Statement (POS) and Bond Purchase Agreement, and authorizing the Underwriters to distribute the POS;**
- (4) Authorizing the Interim Executive Director to execute the Bond Purchase Agreement provided that the Refunding Bonds generate a present value savings of at least three percent of the par amount of the Bonds being refunded;**
- (5) Authorizing all officers, agents and employers to take such actions and execute such documents necessary and desirable to accomplish issuance of the Bonds;**
- (6) Authorizing the Interim Executive Director to purchase municipal bond insurance and purchase a surety bond for the Bonds.**

(b) Adoption of a resolution by the City Council approving the issuance of Merged Area Redevelopment Project Tax Allocation Refunding Bonds Series 2004A in a principal amount not to exceed \$700,000,000.

[MERGED]

7.1 (Cont'd.)

Documents Filed: (1) Memorandum from Redevelopment Agency Interim Director Harry Mavrogenes, dated April 8, 2004, transmitting the Preliminary Official Statement for the Bond Issue action. (2) Memorandum from Redevelopment Agency Interim Director Harry Mavrogenes, dated April 13, 2004, recommending adoption of said resolutions.

Discussion/Action: Redevelopment Agency Interim Director Harry Mavrogenes remarked this is one of the most important actions for this year, and as mentioned previously, Staff will continue to look for all potential sources of revenue in order to improve the Agency's financial position. He stated this is an opportunity to be able to refund up to the amount of \$700,000,000, and the actual amount may vary, as outlined in the Staff report based on the actual interest rates, which fluctuate. He added Staff is asking for the authorization to move today, so the City is in the best possible position to move quickly when the market is best. He commented that Redevelopment Agency Director of Finance David Baum would be able to address any questions.

Council Member LeZotte referring to the savings asked whether the cash at the end of the year would be used for 2004-2005. Interim Director Mavrogenes replied it would be over a two year period, and available fairly quickly. Director of Finance David Baum commented the \$8 to \$11 million savings is expressed in terms of the present value of that money, and while the City receives it over time using a discount factor of approximately 4%, it is contemplated that the refunding bonds will be structured to enable the RDA Agency to use those savings in the next budget cycle for Capital Projects. Council Member LeZotte remarked when this money is put into the Capital Improvement Projects (CIP), expressed interest to know how much of the CIP projects that may be in the budget comes from this money, and requested that it be broken out to show how it is being funded per project, including the source of funding in the 5 year CIP Plan. Assistant Executive Director Sharon Landers replied Staff would return with that information.

Council Member Reed referring to Page 48 of the Preliminary Official Statement, the chart on Labor Force Employment and Unemployment, remarked this chart states the City only lost 160,000 jobs since the peak in 2000, and asked Staff to check the job loss and make sure it is correct. Mayor Gonzales added that is a good point, and asked for that clarification also. Mayor Gonzales called for public testimony. William Garbett spoke in opposition of the issue.

Council Member Cortese moved approval of the Staff recommendation. Council Member Chavez seconded the motion.

7.1 (Cont'd.)

Mayor Gonzales congratulated Staff for identifying this issue, as during these tough budget times this is a good opportunity to save these dollars, and recapture funds for the Capital Improvement Program. On a call for the question, the motion carried unanimously, and the Redevelopment Agency Resolution and Resolution No. 72056, entitled: "A Resolution of the City Council of the City of San José Approving the Issuance and Sale of Not to Exceed \$700,000,000 Aggregate Principal Amount of Redevelopment Agency of the City of San José Merged Area Redevelopment Project Tax Allocation Refunding Bonds, Series 2004A and Authorizing the Refunding of Certain Outstanding Bonds of the Agency", was adopted, with Staff directed to: (1) In regard to the Capital Improvement Project's 5 Year Plan, clarify how each project is being funded, including the source of funding; and (2) Clarify and confirm the job loss numbers in reference to the Labor Force Employment and Unemployment chart. Vote: 9-0-2-0. Absent: Chirco, Gregory.

ADJOURNMENT

The Council of the City of San José, and Redevelopment Agency Board adjourned at 2:50 p.m.

RON GONZALES, MAYOR

ATTEST:

NANCY ALFORD, ASSISTANT CITY CLERK

smd/02/17/04min