

Norman E. Matteoni
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-

May 19, 2008

Honorable Mayor "Chuck" Reed
and San Jose City Council Members
200 E. Santa Clara Street
San Jose, CA 95113

**Re: Memorandum of Understanding Concerning the Airport West
Property and Development of the Major League Soccer Stadium**

Dear Mayor Reed and Members of the City Council:

It has come to my attention that the Council will be addressing the Memorandum of Understanding with FWSH Partners, LLC concerning the Airport West Property. As you will recall, I wrote to you on June 7, 2007 indicating the objections of our clients to the proposed spot zoning of the iStar property in exchange for a soccer stadium. Rather than repeat all of those objections at this time, I would incorporate my above referenced letter.

While I recognize this MOU does not effectuate the conversion of the iStar property, it is clear that the Council is being asked to approve it in anticipation of the iStar conversion taking place in the future. Any notion that the two transactions are not related is dispelled by reference to Mr. Krutkos' memorandum of April 14, 2008 where there are numerous references to the 78-acre iStar property conversion and the soccer stadium.

The City and applicant, FWSH Partners, have chosen to parse the project approvals in such a manner that the Council runs the risk of disposing of the Airport West property without any assurance of a soccer stadium being built. Because of the very tenuous legal position that the City's extraordinary benefit plan is resting on, I would recommend the Council approve this portion of the transaction only if it is comfortable with the proposal as a stand-

alone proposition, *i.e.*, no stadium. It would be irresponsible for the Council to approve this MOU if in fact it cannot live with the potential end result of a development that does not include a soccer stadium. Nor should the City expect to justify a future rezoning of the iStar property because of the contractual obligations created by the Airport West transaction.

Yours truly,

A handwritten signature in black ink, appearing to read "Norman E. Matteoni", written over a horizontal line.

NORMAN E. MATTEONI

NEM:GH/jm

cc: Rick Doyle, City Attorney
Pete Constant, District 1
Forest Williams, District 2
Sam Liccardo, District 3
Nora Campos, District 5
Pierluigi Oliverio, District 6
Madison Nguyen, District 7
David Cortese, Vice Mayor, District 8
Judy Chirco, District 9
Nancy Pyle, District 10