



**MINUTES OF THE JOINT CITY COUNCIL
SAN JOSE FINANCING AUTHORITY**

SAN JOSE, CALIFORNIA

TUESDAY, NOVEMBER 17, 2009

The Council of the City of San José convened in regular session at 6:04 p.m. in the Council Chambers at City Hall.

Present: Council Members - Campos, Chirco, Chu, Constant, Herrera, Kalra, Liccardo, Nguyen, Oliverio, Pyle; Reed.

Absent: Council Members - None.

2. Actions Related to the Brookwood Family Apartments.

(a) Adopt a resolution of the City Council:

- (1) Authorizing the issuance of tax-exempt multifamily housing revenue bonds designated as "City of San José Multifamily Housing Revenue Bonds (Brookwood Terrace Family Apartments), Series 2009B" in the principal amount not to exceed \$13,600,000 (the "Bonds");**
- (2) Approving a loan of Bond proceeds to Brookwood Terrace Family Apartments, L.P., a California limited partnership, for financing a portion of the costs of constructing the Brookwood Terrace Family Apartments (the "Project") located at 1338-1350 E. San Antonio Street in San José;**
- (3) Approving in substantially final form the Bonds, Trust Indenture, Financing Agreement, Regulatory Agreement, Declaration of Restrictive Covenants, the Intercreditor Agreement, Bond Purchase Agreement and Official Statement;**
- (4) Authorizing the City Manager, Assistant Finance Director, Director of Housing or their designees to execute and, as appropriate, to negotiate, execute and deliver these bond documents and other related bond documents as necessary.**
- (5) Authorizing the Director of Housing, to negotiate and execute an agreement with The City of San José Financing Authority related to the Ground Lease revenues of the Project and ultimate disposition of the Project Improvements and the Site.**

2. (b) **Adopt a resolution of the City of San José Financing Authority Board:**
- (1) **Authorizing the Executive Director of The City of San José Financing Authority, or designee, to acquire the Project site (the “Site”) from the Borrower and negotiate and execute a Ground Lease of the Site back to the Borrower for a term of up to 75 years with an annual rent of \$1.00 for the first 55 years, to be increased at the time of repayment of the City’s construction/permanent loan.**
 - (2) **Authorizing the Executive Director of The City of San José Financing Authority to negotiate and execute an agreement with the City of San José related to the Ground Lease revenues from the Project and the ultimate disposition of the Project Improvements and the Site.**

CEQA: Mitigated Negative Declaration, File No. PDC08-038. Council District 3. SNI: Five Wounds/Brookwood Terrace. (Finance/Housing) (Deferred from 11/10/09 – SJFA Item #2)

Documents Filed: (1) Memorandum from Assistant Director of Finance Julia Harper Cooper and Director of Housing Leslye Krutko, dated October 26, 2009, recommending adoption of resolutions. (2) Supplemental memorandum from Assistant Director of Finance Julia Harper Cooper and Director of Housing Leslye Krutko, dated November 6, 2009, providing an updated status on financing for the Brookwood Family Terrace Apartments Project.

Council Member Oliverio explained that his no vote on Items 2 and 3 were based upon no park fees, no ongoing property tax and no building and construction taxes.

Public Comments: David Wall expressed opposition to the tremendous amount of debt incurred.

Director of Housing Leslye Krutko responded to Council questions.

Action: Upon motion by Council Member Liccardo, seconded by Council Member Herrera and carried, Resolution No. 75178, entitled: “A Resolution of the Council of the City of San José Authorizing the Issuance of Multifamily Housing Revenue Bonds and the Loan of the Proceeds Thereof for the Financing of Brookwood Terrace Family Apartments and Approving Other Related Documents and Actions” and SJFA Resolution No. 92, entitled: “A Resolution of the Financing Authority of the City of San José (i) Authorizing the Executive Director of the City of San José Financing Authority, or Designee, To Acquire Property Located at 1338-1350 E. San Antonio Street in the City of San José (Site) from Brookwood Terrace Family Apartments, L.P. and To Negotiate and Execute a Ground Lease of the Site Back to the Partnership for a Term of Up to 75 Years with an Annual Rent of \$1.00 for the First 55 Years, To Be Increased at the Time of Repayment of the City’s Construction/Permanent Loan and (ii) Authorizing the Executive Director of the City of San José Financing Authority, or Designee, To Negotiate and Execute an Agreement with the City of San José Related to the Ground Lease Revenues and the Ultimate Disposition of the Affordable Housing Project Improvements and the Property”, were adopted (10-1. Noes: Oliverio.)

3. Actions Related to the Orvieto Family Apartments.

(a) Adopt a resolution of the City Council:

- (1) Authorizing the issuance of tax-exempt multifamily housing revenue bonds designated as "City of San José Multifamily Housing Revenue Bonds (Orvieto Family Apartments), Series 2009C" in the principal amount not to exceed \$14,200,000 (the "Bonds");**
- (2) Approving a loan of Bond proceeds to Orvieto Family Apartments, L.P., a California limited partnership, for financing a portion of the costs of constructing the Orvieto Family Apartments (the "Project") located at 80 Montecito Vista Drive in San José;**
- (3) Approving in substantially final form the Bonds, Trust Indenture, Financing Agreement, Regulatory Agreement, Declaration of Restrictive Covenants, the Intercreditor Agreement, Bond Purchase Agreement, and Official Statement; and**
- (4) Authorizing the City Manager, Assistant Finance Director, Director of Housing or their designees to execute and, as appropriate, to negotiate, execute and deliver these bond documents and other related bond documents as necessary.**
- (5) Authorizing the Director of Housing, to negotiate and execute an agreement with The City of San José Financing Authority related to the Ground Lease revenues of the Project and ultimate disposition of the Project Improvements and the Site.**

(b) Adopt a resolution of the City of San José Financing Authority Board:

- (1) Authorizing the Executive Director of The City of San José Financing Authority, or designee, to acquire the Project site (the "Site") from the Borrower and negotiate and execute a Ground Lease of the Site back to the Borrower for a term of up to 75 years with an annual rent of \$1.00 for the first 55 years, to be increased at the time of repayment of the City's construction/permanent loan.**
- (2) Authorizing the Executive Director of The City of San José Financing Authority to negotiate and execute an agreement with the City of San José related to the Ground Lease revenues from the Project and the ultimate disposition of the Project Improvements and the Site.**

CEQA: Exempt. Council District 7. (Finance/Housing)

(Deferred from 11/10/09 – SJFA Item #3)

Documents Filed: (1) Memorandum from Assistant Director of Finance Julia Harper Cooper and Director of Housing Leslye Krutko, dated October 22, 2009, recommending adoption of resolutions. (2) Supplemental memorandum from Assistant Director of Finance Julia Harper Cooper and Director of Housing Leslye Krutko, dated November 6, 2009, providing an updated status on financing for the Orvieto Family Apartments Project.

Public Comments: David Wall expressed opposition to waiving parkland development fees.

3. (Cont'd.)

Action: Upon motion by Council Member Liccardo, seconded by Council Member Herrera and carried, Resolution No. 71579, entitled: “A Resolution of the Council of the City of San José Authorizing the Issuance of Multifamily Housing Revenue Bonds and the Loan of the Proceeds Thereof for the Financing of Orvieto Family Apartments and Approving Other Related Documents and Actions” and SJFA Resolution No. 93, entitled: “A Resolution of the Financing Authority of the City of San José (i) Authorizing the Executive Director of the City of San José Financing Authority, or Designee, To Acquire Property Located at 80 Montecito Vista Drive in the City of San José (Site) from Orvieto Family Apartments, L.P. and To Negotiate and Execute a Ground Lease of the Site Back to the Partnership for a Term of Up to 75 Years with an Annual Rent of \$1.00 for the First 55 Years, To Be Increased at the Time of Repayment of the City’s Construction/Permanent Loan and (ii) Authorizing the Executive Director of the City of San José Financing Authority, or Designee, To Negotiate and Execute an Agreement with the City of San José Related to the Ground Lease Revenues and the Ultimate Disposition of the Affordable Housing Project Improvements and the Property”, were adopted. (10-1. Noes: Oliverio.)

Mayor Reed adjourned the Joint/San José Financing Authority Meeting at 6:10 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Lee Price, MMC
City Clerk
smd/11-17-09 JT-SJFA MIN

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