

**SPECIAL MINUTES OF THE CITY COUNCIL
DIRIDON DEVELOPMENT AUTHORITY**

SAN JOSE, CALIFORNIA

TUESDAY, NOVEMBER 8, 2011

The Council of the City of San José convened in Special Session at 2:01 p.m. in the Council Chambers at City Hall.

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

Absent: Council Members - All Present.

Actions Related to the Sale of Property to Athletics Investment Group LLC.

- (a) **The City Council and the Authority Board adopt resolutions affirming prior resolutions adopted by the City Council and Redevelopment Agency Board in support of the efforts of the Oakland Athletics organization to move the team to San Jose, including Resolution No. 74908 adopted in May, 2009, Resolution No. 75513 adopted in August, 2010, and Resolution 75567 adopted in September..**
- (b) **The City Council adopt a resolution:**
 - (1) **Approving the potential sale of certain real property (Property) located along South Montgomery Street between West San Fernando Street and Park Avenue in San José to the Athletics Investment Group, LLC (AIG) pursuant to an Option Agreement for the Sale of Property between AIG and the Authority, and**
 - (2) **Accepting the Summary Report and Re-Use valuation, and;**
 - (3) **Finding that the sale of the property will assist in the elimination of blight, is consistent with the Implementation Plan for the Strong Neighborhoods Initiative Redevelopment Project Area, and that the consideration for the property is not less than the fair reuse value for the proposed use with the covenants and conditions to be imposed under the Option Agreement and the potential costs of the proposed project;**

Actions Related to the Sale of Property to Athletics Investment Group LLC (Cont'd.)

- (c) The Authority Board adopt a resolution approving the Option Agreement for the Sale of Property with AIG and authorizing the Executive Director to negotiate and execute the purchase agreement and other ancillary documents contemplated by the Option Agreement, with proceeds of the sale to be paid to the San José Redevelopment Agency as consideration for the original transfer of the Property to the Authority;**
 - (d) The Authority Board adopt a resolution approving the establishment of a new fund for the San José Diridon Development Authority and consenting to the budget actions recommended to be taken by the City Council below; and**
 - (e) The City Council approve the establishment of the new fund and adopt the following Appropriation Ordinance and Funding Source Resolution amendments in the San José Diridon Development Authority Fund:
 - (1) Establish an estimate for Earned Revenue in the amount of \$200,000;**
 - (2) Establish an estimate for Transfers from the Redevelopment Agency in the amount of \$60,000;**
 - (3) Establish an appropriation to the Office of Economic Development for Non-Personal/Equipment expenses in the amount of \$30,000;**
 - (4) Establish an appropriation to the Office of Economic Development for Administration expenses in the amount of \$10,000; and**
 - (5) Establish an Ending Fund Balance in the amount of \$220,000.****
- (e) CEQA: Resolution to be adopted. This resolution will be based upon the information contained in that certain Final Environmental Impact Report for the Baseball Stadium in the Diridon/Arena Area, certified by the Planning Commission on February 28, 2007 by Resolution No. PC07-009, as supplemented by the information contained in that certain Final Supplemental Environmental Impact Report for the Baseball Stadium in the Diridon/Arena Area, certified by the City Council on June 16, 2010, by Resolution No. 75432.**

Documents Filed: (1) Memorandum from City Manager Debra Figone, dated October 24, 2011, recommending an Option Agreement for Sale of Property to Athletics Investment Group, LLC. (2) Joint memorandum from Mayor Reed and Council Members Herrera and Liccardo, dated November 4, 2011, recommending the Baseball Site Option Agreement with further recommendations. (3) Proof of Publication of Notice of Public Hearings, executed on October 25, 2011, submitted by the City Clerk. (4) Letter from Ronald Van Buskirk, Pillsbury Winthrop Shaw Pittman LLP, dated November 7, 2011, submitted on behalf of Stand for San José. (5) Letter from Randi Kinman, dated November 8, 2011, speaking in opposition to the proposal.

Mayor Reed provided an overview of “What’s in it for San José” and discussed negotiating principles for development of a major league ballpark.

Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanjoseca.gov/clerk/agenda.asp> or <http://www.sanjoseca.gov/clerk/MeetingArchive.asp>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.

Actions Related to the Sale of Property to Athletics Investment Group LLC (Cont'd.)

Director of Economic Development/Chief Strategist Kim Walesh, provided a presentation on an “Option Agreement for Sale of Property – Annual Economic & Fiscal Impact”. Assistant City Manager Ed Shikada, provided background, a valuation summary and recommended actions.

Public Comments: Michael Mulcahy (Co-Chair, Baseball San José) and Matthew Mahood (San José Silicon Valley Chamber of Commerce), Neil Struthers (Building Trades Council) and Scott Knies (San José Downtown Association) spoke in support of the Staff’s recommendation. Noa Clark (Stand for San José) spoke to inadequacies of the Environmental Impact Report and SEIR; Bob Sippel and Randi Kinman recommended ensuring greater public participation and fiscal responsibility; and Tom Sawyer, Marc Morais (Better Sense San José), Jon Max Reger and Kerri Hamilton offered further criticism of the plan.

Motion: Council Member Liccardo moved approval of the Staff recommendations and the memorandum he cosigned with Mayor Reed and Council Member Herrera, dated November 4, 2011, with the recommendations amended and approved, as described in “Action”. Council Member Herrera seconded the motion.

Assistant Director of Planning and Code Enforcement Laurel Prevetti addressed the Environmental Impact Report and responded to questions from Council. Extensive Council discussion ensued.

Action: On a call for the question, the motion carried, Ordinance No. 28992, entitled: “An Ordinance of the City of San José Amending Ordinance No. 28928 to Appropriate Monies in the San José Diridon Development Authority Fund for the Office of Economic Development Non-Personal/Equipment and for Administration Expenses; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption”; Resolution No. 76049 entitled: “A Resolution of the Council of the City of San José Affirming Prior Resolutions Adopted by the City Council and Redevelopment Agency Board in Support of the Efforts of the Oakland Athletics Organization to Move the Team to San José, Including Resolution No. 74908 Adopted in May, 2009, Resolution No. 75513 Adopted in August, 2010, and Resolution 75567 Adopted in September, 2010; and Resolution No. 5985 Adopted in September, 2010”; Resolution No. 76050, entitled: “A Resolution of the Council of the City of San José (I) Approving the Potential Sale of Certain Real Property Located Along South Montgomery Street Between West San Fernando Street and Park Avenue in San José to the Athletics Investment Group, LLC (AIG) Pursuant to an Option Agreement for the Sale of Property Between AIG and the Authority, and (II) Accepting the Summary Report, and (III) Making Certain Findings”; Resolution No. 76051, entitled: “A Resolution of the Council of the City of San José Approving the Establishment of a New Fund for the San José Diridon Development Authority”; Resolution No. 76052, entitled: “A Resolution of the Council of the City of San José Amending Resolution No. 75872 Setting Forth the Estimated Sources of Funds for the Fiscal Year 2011-2012 to Adjust Revenues in the San Jose Diridon Development Authority Fund”; Diridon Development Authority Resolution No. 105.1, entitled: “A

Actions Related to the Sale of Property to Athletics Investment Group LLC (Cont'd.)

Resolution of the San José Diridon Development Authority Affirming Prior Resolutions Adopted by the City Council and Redevelopment Agency Board in Support of the Efforts of the Oakland Athletics Organization to Move the Team to San José, Including Resolution No. 74908 Adopted in May, 2009, Resolution No. 75513 Adopted in August, 2010, and Resolution 75567 Adopted in September, 2010; and Resolution No. 5985 Adopted in September, 2010”; Diridon Development Authority Resolution No. 106.1, entitled: “A Resolution of the San José Diridon Development Authority Approving the Option Agreement for the Sale of Property with Athletics Investment Group, LLC and Authorizing the Executive Director to Negotiate and Execute the Purchase Agreement and Other Ancillary Documents Contemplated by the Option Agreement, with Proceeds of the Sale to be Paid to the San José Redevelopment Agency as Consideration for the Original Transfer of the Property”; Diridon Development Authority Resolution No. 107.1, entitled “A Resolution of the Diridon Development Authority Approving the Establishment of a New Fund for the San José Diridon Development Authority and Consenting to the Budget Actions Recommended to be Taken by the City Council”, were adopted; and CEQA Resolution No. 76053, entitled: “A Resolution of the Council of the City of San José Making Certain Findings Concerning Mitigation Measures, Adopting a Mitigation Monitoring and Reporting Program, Making Certain Findings Concerning Alternatives, and Adopting a Statement of Overriding Considerations in Accordance with the California Environmental Quality Act of 1970, as Amended (“CEQA”) for the Baseball Stadium in the Diridon/Arena Area Project for which a Final and Supplemental Final Environmental Impact Report have been Prepared in Accordance with CEQA” was adopted, with Council acknowledgement that the CEQA resolution identifies potential impacts, feasible mitigation, and findings, as well as the statement of override and the disclosure of any potential impacts, and that the letter and the spirit consistent with the requirements of CEQA have been followed. Staff recommendations were approved, including the incorporation of all resolutions, with the provision that if this option is exercised, the City will comply with any provision requiring a vote of the electorate, and including acceptance of recommendations outlined in the memorandum cosigned by Mayor Reed and Council Members Herrera and Liccardo, dated November 4, 2011, to:

- (1) Approve the sale of an option to purchase property as recommended in the October 24, 2011 staff report to City Council and the San José Diridon Development Authority Board;
 - (2) Direct the transfer of funds from the sale of property to the San José Redevelopment Agency; and
 - (3) Reaffirm ass prior resolutions adopted by the City Council and Redevelopment Agency Board in support of the A’s moving to San José.
- (10-1. Noes: Oliverio.)

ADJOURNMENT

The City of San José Diridon Development Authority was adjourned at 3:15 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

Dennis D. Hawkins, CMC
City Clerk

Rmk/11-8-11 SPEC MIN DIRIDON