

RESOLUTION NO. 73123

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE BORROWING OF FUNDS BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE FROM THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY FOR THE PURPOSE OF FINANCING THE AGENCY'S FY 2005-06 PAYMENT TO THE EDUCATIONAL REVENUE AUGMENTATION FUND; AND ACKNOWLEDGING THAT THE SECURITY FOR THE LOAN IS A FIRST LIEN ON THE CITY'S PROPERTY TAX REVENUE; AND APPROVING THE INFORMATION DESCRIBING THE CITY IN THE OFFICIAL STATEMENT

WHEREAS, Health and Safety Code Section 33681 ("Law") requires that during the 2005-2006 fiscal year each redevelopment agency in the State must allocate, prior to May 10, 2006, an amount of money as determined by the State Director of Finance, to the County Auditor for deposit in the county-wide Education Revenue Augmentation Fund ("ERAF"); and

WHEREAS, the State Director of Finance has notified the Redevelopment Agency of the City of San Jose ("Agency") that the Agency must allocate \$14,500,614 to the ERAF; and

WHEREAS, as required by Law, the Agency forwarded to the County Auditor a copy of the City Council's resolution of February 28, 2006 as to how the Agency intends to fund the ERAF; and

WHEREAS, the Agency determined that it intends to make the payment to the ERAF with funds borrowed from the California Statewide Communities Development Authority ("Authority"); and

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain “Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority”, dated as of June 1, 1988, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to issue bonds, notes and other obligations; and

WHEREAS, Section 33681.15 of the California Health and Safety Code authorizes the Authority to issue bonds, notes or other obligations to provide funds to make loans to redevelopment agencies to make the payments required by Section 33681.12 of the California Health and Safety Code, namely payments to the applicable county auditor for deposit in the county’s Educational Revenue Augmentation Fund (the “ERAF Payment”); and

WHEREAS, in order to make its ERAF Payment for fiscal year 2005-06, the Agency desires to obtain a loan from the Authority from the proceeds of the Bonds in an amount not to exceed \$16,500,000 (the “Loan”) pursuant to the terms and conditions set forth in a Loan Agreement, by and between the Agency and the Authority (the “Loan Agreement”); and

WHEREAS, as a condition precedent to entering into the Loan Agreement, said Section 33681.15 requires that the Agency obtain the prior approval of the City Council of the City of San Jose (the “City”), by resolution (the “City Council Resolution”) adopted by a majority of said Council that recites that a first lien will be created on property tax revenues of the City to secure repayment of the Loan; and

WHEREAS, the Authority has caused to be prepared a form of Official Statement describing the Bonds and containing, among other matters, information describing the Agency and the City, the form of which Official Statement is on file with the Secretary (the “Official Statement”), which will be used by Stone and Youngberg LLC, E J. De La

Rosa & Co. Inc. and RBC Dain Rauscher Inc (together, the "Underwriters") in the sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

1. Approving the borrowing of funds by the Redevelopment Agency of the City of San Jose from the California Statewide Communities Development Authority for the purpose of financing the Agency's FY 2005-06 payment to the Educational Revenue Augmentation Fund; and

2. Acknowledging that the security for the Loan is a first lien on the City's property tax revenue; and

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3. Approving the information describing the City in the Official Statement.

ADOPTED this 28th day of March, 2006, by the following vote:

AYES: CAMPOS, CHAVEZ, CHIRCO, CORTESE, LeZOTTE,
NGUYEN, PYLE, REED, WILLIAMS, YEAGER;
GONZALES

NOES: NONE

ABSENT: NONE

DISQUALIFIED: NONE

RON GONZALES
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk