

RESOLUTION NO. 73775

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE ISSUANCE OF COMMERCIAL PAPER NOTES PURSUANT TO THE PREVIOUSLY ESTABLISHED COMMERCIAL PAPER PROGRAM DESIGNATED AS "CITY OF SAN JOSE FINANCING AUTHORITY LEASE REVENUE COMMERCIAL PAPER NOTES" IN THE NOT TO EXCEED AMOUNT OF \$116 MILLION AND DETERMINING THAT THERE WILL BE SIGNIFICANT PUBLIC BENEFITS ACCRUING FROM SUCH FINANCING

WHEREAS, the City of San José (the "City") and the Redevelopment Agency of the City of San José have heretofore entered into a Joint Exercise of Powers Agreement establishing the City of San José Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, the Authority has heretofore determined to adopt and implement a program under which the Authority will provide financing for certain public capital improvements for the City of San José; and

WHEREAS, on January 13, 2004, the Authority, by Resolution No. SJFA-63, authorized the issuance of commercial paper notes in the aggregate principal amount of not to exceed \$98,000,000, designated "City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes" under and pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and the Trust Agreement and the Issuing and Paying Agent Agreement (as such terms are defined in Resolution No. SJFA-63) (the "Commercial Paper Program"); and

WHEREAS, the Authority's authorization of the issuance of the commercial paper notes under the Commercial Paper Program was for the purposes of assisting the City in connection with (i) the City's acquisition and construction of a new offsite parking garage for the New City Hall; (ii) the City's acquisition of technology, furniture and equipment for the New City Hall; and (iii) City space planning needs, including the renovation or rehabilitation of the City's former main library, the existing City Hall and the Health Building; and

WHEREAS, the City, on January 13, 2004, adopted Resolution No. 71914, in order to approve, among other things, the issuance of commercial paper notes for the purposes described above; and

WHEREAS, subsequent to the establishment of the Commercial Paper Program, as described above, the Authority and the City subsequently took actions to authorize the issuance of taxable commercial paper notes and to expand the purposes of the Commercial Paper Program to assist the City in connection with the purchase, installation, and integration of computer software, software licensing, hardware and certain related costs related to the City's billing systems referred to as the "Integrated Utility Billing, Customer Service and Performance Management System"; and

WHEREAS, on November 15, 2005, the Authority adopted its Resolution No. SJFA-72, to among other things, increase the not to exceed maximum aggregate principal amount of commercial paper notes under the Commercial Paper Program from \$98,000,000 to \$116,000,000 (the "Commercial Paper Notes"), and also to allow the additional use of the Commercial Paper Notes to finance the City's Central Service Yard Phase II Project, consisting of building and parking improvements to the City's Central Service Yard, and the City's Main Service Yard Project, consisting of the demolition of structures and clean up at the City's Main Service Yard in order to ready the Main Service Yard for sale; and

WHEREAS, on November 15, 2005, the City adopted its Resolution No. 72974, to approve, among other things, the issuance of the Commercial Paper Notes under the Commercial Paper Program in the not to exceed maximum aggregate principal amount of \$116,000,000 and to approve the additional use of the Commercial Paper Notes to finance the City's Central Service Yard Phase II Project, consisting of building and parking improvements to the City's Central Service Yard, and the City's Main Service Yard Project, consisting of the demolition of structures and clean up at the City's Main Service Yard in order to ready the Main Service Yard for sale; and

WHEREAS, the City has now requested that the Authority to allow the additional use of the Commercial Paper Program in order to assist the City with the funding of the capital improvements to the HP Pavilion and certain related costs; and

WHEREAS, this City Council has held a public hearing in accordance with Section 6586.5 of the California Government Code, and has considered whether the financing of the capital improvements to the HP Pavilion and certain related costs by the issuance of the taxable Commercial Paper Notes will result in significant public benefits accruing from such financing, consisting of demonstrable savings in effective interest rates and financing costs; and

WHEREAS, the City has duly considered such transactions and wishes at this time to approve certain matters relating to said transactions in the public interest of the City;

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

SECTION 1. The City Council has duly noticed and held a public hearing with respect to the approval by the City Council of the financing to be undertaken by the Authority for the City pursuant to the issuance and delivery of taxable Commercial Paper Notes under the Commercial Paper Program to provide funding for capital improvements to

the HP Pavilion and certain related costs, and with respect to the significant public benefit to the City of such financing in accordance with the criteria specified in Section 6586 of the California Government Code. Based on the information provided to the City Council, the City Council approves the financing to be provided by the issuance and delivery of the above-described Commercial Paper Notes, and the City Council further determines that there will be significant public benefits accruing from such financing, consisting of demonstrable savings in effective interest rates and financing costs.

SECTION 2. The City Council hereby approves the issuance of the taxable Commercial Paper Notes by the Authority for the purposes of funding capital improvements to the HP Pavilion and certain related costs pursuant to and in accordance with the terms governing the Commercial Paper Program, all as more fully set forth in Resolution No. SJFA-72 of the Authority and in Resolution No. 72974 of this City Council.

ADOPTED this 22nd day of May, 2007, by the following vote:

AYES: CAMPOS, CHIRCO, CONSTANT, CORTESE,
LICCARDO, NGUYEN, PYLE, WILLIAMS; REED

NOES: NONE

ABSENT: OLIVERIO

DISQUALIFIED: NONE

VACANT: DISTRICT 4

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk