CONFIDENTIAL

CLOSED SESSION NOTES – November 29, 2005

City Council/RDA Board Notice of the Closed Session agenda provided:

Property: Training Facility Site
(SW corner of Park Avenue/Montgomery Street)

Designated Respresentatives:
Joe Guerra, Paul Krutko, Jr. and Harry Mavrogenes for the Redevelopment Agency of the City of San Jose and the City of San Jose

And

Greg Jamison and Don Gralnek for SVSE LLC.

Under Negotiation: The direction will concern price and terms of payment.

Present:

Council: Ron Gonzales, Cindy Chavez, Nora Campos, Madison Nguyen, Dave Cortese, Judy Chirco, Forrest Williams, Linda LeZotte, Nancy Pyle, Chuck Reed, Ken Yeager

Attorneys: Rick Doyle, George Rios, Nora Frimann

Staff: Del Borgsdorf, Harry Mavrogenes, Deanna Santana, Joe Guerra, Paul Krutko

CITY/RDA

1. Real Estate

Joe Guerra introduced subject.
Paul Krutko explained possible deal.
City will participate in operating losses at Spartan Stadium.
Voter approval by November '06 or June '07.
Jamison group will purchase team.

Soccer stadium deal
Paul Krutko explained possible deal per charts which he has.
Estimating $90 million – construction cost.
City to pay 20% of debt service.
City has potential of sharing some revenue.

Paul Krutko explained potential funding resources.
Repayment of initial investment if team sold.

Harry Mavrogenes explained possible needed land and costs. Seeking direction regarding negotiations. Whether and how to proceed with negotiations.

Mayor – questions/comments
- Possible revenue sources.
- 33 SVSE event dates.
- 30 community events.
- Possible construction costs – cost overruns. They will assume.

Cindy Chavez – questions/comments
- Possible ticket surcharge.
- We will have audit rights during subsidy period.
- Property and building will revert to City after agreement period.
- Cindy Chavez is concerned about City building parking and their getting all the revenue.
- Asked about the 77% of capacity number for City to share in revenue.
- Asked about relationship with possible baseball stadium.

Joe Guerra mentioned soft costs would be an 80/20 split, City paying 20%.

Linda LeZotte – questions/comments
- Possible share based on 6% of gross ticket sales above a specified amount.
- Parking.
- Park Avenue.

Nancy Pyle asked questions.

Chuck Reed – questions/comments
- Asked about parking.
- Land costs – City to provide land. This would be a lease agreement.
- "Public Use" issue for possible eminent domain.
- Election costs – campaign – SVSE; actual election – City.
- Land Costs.
- Chuck Reed made a suggestion.
- Capping costs for community use.

Dave Cortese – questions/comments
- Could not support Measure P. funds being used.
- Wants Spartan Stadium to be included in agreement while still there.
- Suggested letting Earthquakes go but get a new franchise commitment.

Ken Yeager- comments/questions

Worries about impact this would have on possible baseball stadium – politically and economically.
Asked about parking.
Cost of removal of training facility.
Marketing of Earthquakes.

Forrest Williams – questions/comments

Why can't Earthquakes get fan support now? Wants more assurances of success.
Why only 30 community days?

Madison Nguyen – 2 questions.

Mayor asked about CEQA clearance for soccer stadium.

Motion – Soccer

Cindy Chavez – move forward with negotiations per staff recommendation but with "Reed" package.

Look at Denver model.
Measure "P" – Look close at using.
Look at parking.
Look at marketing plan.

Second. Passed 10-1, Dave Cortese opposed.