



## **OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY**

**February 18, 2016**

**11:00 AM REGULAR MEETING  
City Hall Council Chambers**

A complete agenda packet will be available for public review in the City Hall Council Chambers and the City Clerk's Office at the same time the public records are distributed to the Oversight Board.

**1. CALL TO ORDER/ROLL CALL:**

**2. CONTINUANCE/EXCEPTIONS:**

**3. APPROVAL OF MINUTES:**

**A.** January 21, 2016.

**4. PUBLIC PRESENTATIONS:**

This item is reserved for persons to address the Oversight Board on any matter not on the agenda that is within the subject matter jurisdiction of the City. The law does not permit Oversight Board action on, or extended discussion of, any item not on the agenda except under special circumstances. The Oversight Board, or staff, may briefly respond to statements made or questions posed, and the City Manager may request staff to report back at a subsequent meeting. Although not required, please submit to the City Clerk your name and subject matter on forms available by the door in the Council Chambers.

**5. NEW BUSINESS:**

**A.** Adoption of a Resolution approving the Assignment of the Fairway Glen Parcel R-3 Lease to the City in accordance with the terms of the Assignment Agreement substantially in the form presented.

**B.** Status of Encumbrances on North/South Lots.

**C.** Note and file fully executed Resolutions Nos. 2016-03 and 2016-04 from January 21, 2016 Meeting.

**6. ADJOURNMENT:**

**A.** The next regular scheduled meeting is on Thursday afternoon, **March 17, 2016**, in

the City Hall Council Chambers.

**MINUTES OF THE CITY OF SANTA CLARA OVERSIGHT BOARD FOR  
SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT  
AGENCY FOR A SPECIAL MEETING HELD ON  
THURSDAY, JANUARY 21, 2016**

Chairperson Gage called the Special Meeting of the Oversight Board for Successor Agency to the City of Santa Clara Redevelopment Agency to order at 10:00 am, on the above-mentioned date, in the City Hall Council Chambers.

Present: Mayor of the City of Santa Clara appointees: Gary Ameling, Director of Finance and Jamie L. Matthews, Mayor; Santa Clara County Board of Supervisors appointees: Debbie Cauble, County of Santa Clara and John Guthrie, County of Santa Clara, retired, former Director of Finance; Santa Clara County Board of Education appointee: Matthew Tinsley, Santa Clara County Office of Education; Santa Clara Valley Water District (SCVWD) appointee: Donald Gage, Board Member; and Oversight Board Legal Counsel, Hilda Cantu-Montoy.

Absent: California Community College District appointee: Edralin Maduli, West Valley-Mission Community College District, Vice Chancellor of Administrative Services.

City staff present: Ruth Shikada, Economic Development Officer/Assistant City Manager; Richard Nosky, City Attorney; Karen Tiedemann, Successor Agency Legal Counsel, Goldfarb & Lipman, LLC; and Jennifer Yamaguma, Successor Agency Clerk.

- 3A. **MOTION** was made by Matthews, seconded and unanimously carried (Maduli absent),  
3B. that the **Minutes** for the regular meeting of **December 11, 2015** and **December 18, 2015** be adopted as written.
- 5A. **MOTION** was made by Ameling, seconded and unanimously carried (Maduli absent), that the Board **receive and file** the **Settlement Agreement** for **Sharma vs. Successor Agency to the Redevelopment Agency of the City of Santa Clara et al** (Sacramento Superior Court Case No. 34-2013-80001396).
- 5B. **MOTION** was made by Cauble, seconded and unanimously carried (Maduli absent), that the Board **adopt Resolution No. 2016-01 (OVERSIGHT BOARD)** entitled, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY RELATING TO THE PREPAYMENT OF 2011 COOPERATION AND PREDEVELOPMENT FUNDING AGREEMENT DEBT."
- 5C. **MOTION** was made by Matthews, seconded and unanimously carried (Maduli absent), that the Board **adopt Resolution No. 2016-02 (OVERSIGHT BOARD)** entitled, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND AN ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1, 2016 THROUGH JUNE 30, 2017, MAKING RELATED FINDINGS AND DECLARATIONS AND TAKING RELATED ACTIONS IN CONNECTION THEREWITH."

5D. The Board proceeded to consider the adoption of a Resolution establishing the process for the selection of the Evaluation Team Members and a Resolution authorizing the Successor Agency to proceed with the solicitation process for the Gateway Parcel 2 and Hilton Hotel properties as outlined in the staff report. Board comments were made and the Economic Development Officer/Assistant City Manager, Successor Agency Legal Counsel and Oversight Board Legal Counsel answered Board questions. **MOTION** was made by Matthews, seconded and unanimously carried (Maduli absent), that the Board **adopt Resolution No. 2016-03 (OVERSIGHT BOARD)** entitled, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY DESIGNATING PROCESS FOR SELECTION OF REPRESENTATIVES OF THE TAXING ENTITIES ON THE EVALUATION TEAM EVALUATING OFFERS FOR PURCHASE OF REAL ESTATE PROPERTY ASSETS" as amended to include that the Evaluation Team shall serve as an Ad Hoc Committee of the Oversight Board and its duties shall be advisory only and that the Evaluation Team shall be comprised of Gary Ameling, Ed Maduli and Glen Williams; and that the Board **adopt Resolution No. 2016-04 (OVERSIGHT BOARD)** entitled, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY APPROVING THE PROCEDURES FOR SALE OF PROPERTY IN ACCORDANCE WITH THE LONG RANGE PROPERTY MANAGEMENT PLAN" as amended to include that after the Successor Agency and the Evaluation Team review the results of the bids received, the Evaluation Team will submit a report to the Oversight Board regarding the bids received, if any, with recommendations including to find bid(s) nonresponsive, to award a contract, to provide all bidders an opportunity to increase their bid and submit new bids, or to reject all bids and commence a new solicitation process.

5E. **MOTION** was made by Ameling, seconded and unanimously carried (Maduli absent), that the Board **set** the following meeting dates for the 2016 calendar year: February 18; March 17; April 21; May 19; June 16; July 21; August 18; September 15; October 20; November 17; and December 15.

6A. The meeting was adjourned at 11:02 am to 10 am Thursday, February 18, 2016.

APPROVE: \_\_\_\_\_  
Chairperson

ATTEST: \_\_\_\_\_  
Clerk



## AGENDA REPORT

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**Date:** February 18, 2016

**To:** Oversight Board for Action

**From:** Economic Development Officer/Assistant City Manager

**Subject:** Approval of an Assignment Agreement between the Successor Agency and the City of Santa Clara assigning the Successor Agency's leasehold interest in Fairway Glen Parcel R-3

### EXECUTIVE SUMMARY

The City of Santa Clara, the Successor Agency, and the Sports and Open Space Authority entered into a Settlement Agreement with the County of Santa Clara, the Santa Clara Office of Education, and the Santa Clara Unified School District resolving litigation brought by the County of Santa Clara regarding the dissolution of the Santa Clara Redevelopment Agency. The Settlement Agreement addresses all issues related to the dissolution of the Santa Clara Redevelopment Agency including the disposition of all real property interest previously held by the former Redevelopment Agency.

Prior to dissolution, the Former Redevelopment Agency held a leasehold interest in the property identified as Fairway Glen Parcel R-3. The Sports and Open Space Authority is the owner of the fee interest in the Property and the lessor under the ground lease. Prior to dissolution the former Redevelopment Agency entered into a sublease for the Property with a private developer.

The terms of the Settlement Agreement acknowledge that SOSA is and always has been the owner of the fee interest in the Property and is entitled to all sales proceeds from the sale of the Property. The Settlement Agreement also provides that all rent revenues received pursuant to the sublease on the Property until the earlier of the date that SOSA sells the property or the date the City completes the purchase of the Convention Center properties in accordance with the terms of the Settlement Agreement, are to be paid to the Successor Agency and used first to pay enforceable obligations and once all enforceable obligations are fully paid off, remitted to the County Auditor-Controller for distribution to the taxing entities. The City has remitted all rent collected to date to the Successor Agency.

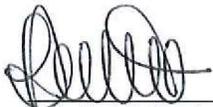
The Settlement Agreement also provides that if the City deems it necessary the parties to the Settlement Agreement will approve an assignment of the Fairway Glen Lease for Parcel R-3 to the City and the County will support approval of the assignment to the Oversight Board. The City has determined that the Fairway Glen Lease needs to be assigned to the City to facilitate the sale of the fee interest in the Property. The holder of the sublease has exercised its option to acquire the property in accordance with the terms of the Sublease. In order to provide clear title to the property, the title company is requiring that the Lease be assigned to the City.

### **ECONOMIC/FISCAL IMPACT**

None. The terms of the Settlement Agreement acknowledge that SOSA is and always has been the owner of the fee interest in the Property and is entitled to all sales proceeds from the sale of the Property

### **RECOMMENDATION**

That the Oversight Board adopt a resolution approving the Assignment of the Fairway Glen Parcel R-3 Lease to the City in accordance with the terms of the Assignment Agreement substantially in the form attached.



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Ruth Shikada  
Economic Development Officer/  
Assistant City Manager

APPROVED:



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*for* Julio J. Fuentes  
City Manager  
Executive Officer to Successor Agency

*Documents Related to this Report:*

- 1) *Resolution*
- 2) *Assignment and Assumption Agreement*

**RESOLUTION NO. 2016- \_\_ (OVERSIGHT BOARD)**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY ADOPT A RESOLUTION APPROVING THE ASSIGNMENT OF THE FAIRWAY GLEN PARCEL R-3 TO THE CITY IN ACCORDANCE WITH THE TERMS OF THE ASSIGNMENT IN THE FORM ATTACHED**

**BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AS FOLLOWS:**

**WHEREAS**, the California state legislature enacted Assembly Bills x1 26 and 1484 to dissolve and unwind the affairs of redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.);

**WHEREAS**, the City Council of the City of Santa Clara (the "City Council") declared that the City of Santa Clara, acting in a separate legal capacity and as a separate public entity pursuant to Health and Safety Code Section 34173(g), will act as successor agency (the "Successor Agency") for the dissolved Redevelopment Agency of the City of Santa Clara (the "Dissolved RDA") effective February 1, 2012;

**WHEREAS**, on February 1, 2012, the RDA was dissolved pursuant to Health and Safety Code Section 34172;

**WHEREAS**, the Successor Agency, as the successor in interest to the Dissolved RDA, is the lessee under certain Master Leases with the Sports and Open Space Authority and is the Sublessor under certain Subleases with Jim Joseph as Trustee of the Jim Joseph Revocable Trust dated January 19, 1990, as Amended and Restated in its Entirety March 22, 1995;

**WHEREAS**, the Agency desires to assign all of its rights, title and interest in the Master Lease and the Sublease to the City pursuant to the terms of an Assignment and Assumption Agreement (the "Assignment Agreement"), substantially in the form on file with the City Clerk and the Agency Secretary;

**WHEREAS**, the Oversight Board has determined that assignment of the Master Lease and Sublease is in the best interest of the taxing entities; and

**WHEREAS**, by staff report accompanying this Resolution and incorporated into this Resolution by this reference (the "Staff Report"), the Oversight Board has been provided with additional information upon which the actions set forth in this Resolution are based.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AS FOLLOWS:**

SECTION 1. The Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff, Oversight Board members, and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. The Oversight Board approves the Successor Agency assigning the Master Lease and the Sublease to the City in accordance with the Assignment and Assumption Agreement (Fairway Glen Property) in the form attached . Technical, clerical, and form edits may be made by the Successor Agency with approval by the Oversight Board Chair and General Counsel.

SECTION 3. The Successor Agency is hereby directed to notify the Department of the actions set forth in this Resolution in accordance with Health and Safety Code Sections 34179(h).

SECTION 5. Severability. If any provision or clause of this Resolution or the application thereof is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or clauses or application; and to this end, the provisions of this Resolution are declared to be severable.

CERTIFICATION

I HEREBY CERTIFY THE FORGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AT A SPECIAL MEETING THEREOF HELD ON \_\_\_ DAY OF FEBRUARY 2016, BY THE FOLLOWING

VOTE:

AYES: BOARD MEMBERS

NOES: BOARD MEMBERS

ABSTAIN: BOARD MEMBERS

ABSENT: BOARD MEMBERS

APPROVE:

ATTEST:

\_\_\_\_\_  
Don F. Gage  
Chairperson

\_\_\_\_\_  
Jennifer Yamaguma  
Clerk to the Oversight Board

RECORDING REQUESTED  
BY AND WHEN RECORDED  
RETURN TO:

City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA

Attn: City Manager

No fee for recording pursuant to  
Government Code Section 27383

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**ASSIGNMENT AND ASSUMPTION AGREEMENT  
(Fairway Glen Property)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is entered into as of \_\_\_\_\_, 2016 (the "Effective Date"), by and between the Successor Agency to the Redevelopment Agency of the City of Santa Clara, a public body corporate and politic (the "Assignor", or the "Agency"), and the City of Santa Clara, a charter city (the "Assignee" or the "City"), and with reference to the following facts:

RECITALS

A. The Agency is the Lessee of certain property more particularly described in Exhibit A attached hereto (the "Property") pursuant to that certain Master Lease between the SOSA and the Agency dated December 10, 1996 for Parcel R-3 (the "Master Lease").

B. Subsequent to entering into the Master Lease, the Agency entered into an a Sublease for Parcel R-3 with Jim Joseph, as Trustee of the Jim Joseph Revocable Trust Dated January 19, 1990, As Amended and Restated in its Entirety March 22, 1995 ( the "Sublease").

D. The Agency desires to assign to the City, and the City desires to assume from Agency, all of the Agency's rights, title and interests under the Master Lease subject to the terms set forth below.

E. Following the Effective Date, the City shall be the Lessee under the Master Leases and the Sublessor under the Subleases.

F. SOSA has consented to the Assignment.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agency and the City (collectively, the "Parties") mutually agree as follows:

1. Assignment by Agency. As of the Effective Date, the Agency hereby assigns transfers and delegates to the City, all of Agency's right, title, and interest in and obligations under the Master Lease and the Sublease; provided, however, in accordance with the terms of that certain Settlement Agreement by and among the City, SOSA, the Agency, the County of Santa Clara, the Santa Clara County Office of Education, and the Santa Clara Unified School District, until the earlier of (i) SOSA sells the Property or (ii) the City completes the purchase of the Santa Clara Convention Center as contemplated in the Settlement Agreement, the City shall pay over to the Agency all rents received pursuant to the Sublease at such time as such rents are received by the City.

2. Acceptance of Assignment. As of the Effective Date, City hereby accepts the above assignment and hereby assumes, agrees and undertakes to perform all of the obligations, covenants and agreements of Agency pursuant to the Master Lease and the Sublease. Any reference to Agency in the Master Lease and the Sublease shall be deemed a reference to the City.

3. Representations. The former Redevelopment Agency of the City of Santa Clara previously assigned the Master Lease and the Sublease to the City pursuant to that certain Assignment and Assumption Agreement dated \_\_\_\_\_. This Assignment ratifies and reaffirms the prior Assignment. Agency hereby represents and warrants that, other than the prior assignment to the City identified in the preceding sentence, it has not previously assigned, pledged, hypothecated or otherwise transferred any of its rights under the Master Leases or the Subleases.

4. Governing Law. This Assignment shall be governed by the laws of the State of California.

5. Headings. Section headings contained in this Assignment are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Assignment or any of its provisions.

6. Severability. If any term, provision, covenant or condition of this Assignment is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

7. Legal Actions. In the event any legal action is commenced to interpret or to enforce the terms of this Assignment, or otherwise arising out of this Assignment, the party prevailing in any such action shall be entitled to recover against the party not prevailing all reasonable attorneys' fees, expenses, and costs incurred in such action.

8. Effectiveness. This Assignment shall become effective upon the effective date of a resolution approving the Assignment by the Oversight Board to the Successor Agency.

9. Counterparts. This Assignment may be executed in counterparts by the Parties hereto, each of which shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the Effective Date.

ASSIGNOR:

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF  
SANTA CLARA, a public body, corporate and  
politic

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

ASSIGNEE:

CITY OF SANTA CLARA, a charter city

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

CONSENT TO ASSIGNMENT

The Santa Clara Sports and Open Space Authority hereby consents to the Redevelopment Agency of the City of Santa Clara assignment of the Master Lease and Sublease to the City of Santa Clara.

SANTA CLARA SPORTS AND OPEN  
SPACE AUTHORITY

By: \_\_\_\_\_

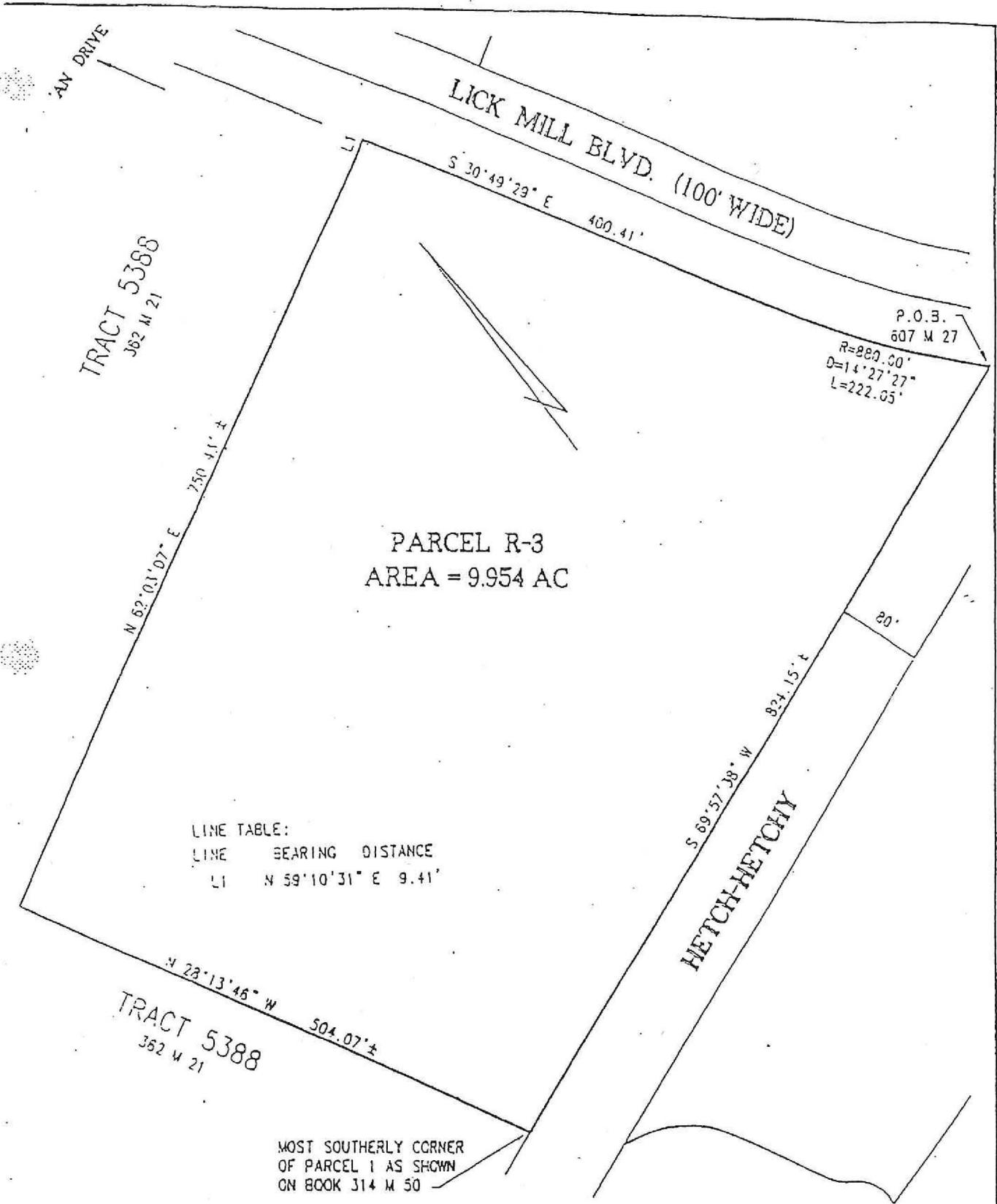
Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY**

EXHIBIT A-1



|                                   |                      |              |
|-----------------------------------|----------------------|--------------|
| Drawn                             | NO                   | 4-19-94      |
| Checked By                        | <i>R. Santos</i>     | 5-17-94      |
| Approved By                       | <i>B. C. Augason</i> | Date 5-17-94 |
| BRUCE C. AUGASON<br>CITY ENGINEER |                      |              |

CITY OF SANTA CLARA  
PLAT OF PARCEL R-3

|             |           |
|-------------|-----------|
| Scale       | 1" = 120' |
| Ref.        | SC 16,803 |
| Tracing No. | 10,270-A  |

10,270-A

EXHIBIT "A-2"

Real Property in the City of Santa Clara, County of Santa Clara,  
State of California, described as follows:

Parcel 1, as shown on that certain Parcel Map filed in the Office  
of the Recorder of the County of Santa Clara, State of California  
on December 12, 1996, in Book 684 of Maps, pages 39, 40, 41 and 42.

APN 97-5-x102  
ARB 97-5-x42



**Date:** February 18, 2016

**To:** City Manager/Executive Officer for Oversight Board Information

**From:** Economic Development Officer/Assistant City Manager

**Subject:** Status of Encumbrances on North/South Lots

### **EXECUTIVE SUMMARY**

At its last Oversight Board meeting the Board requested information on the encumbrances on the North/South Lots. This request was made when the Board was considering giving authorization to the Successor Agency to proceed with sale of the Hilton Hotel property. The Board has requested this information in order to evaluate whether the sale of the North/South lots should be included in the sale of the Hilton Hotel property and if so, how that would impact value. The Successor Agency is not in a position to determine valuation impacts so this Staff report will provide information on the encumbrances on the North/South Lots so that the Oversight Board can make their own determination of impacts.

The North/South Lots consist of 9.4 acres of property currently used primarily as parking for the Great America Theme Park. The property is adjacent and south to the Hilton Hotel Property and borders on Great America Parkway. The property was originally acquired by the City of Santa Clara Electric Utility as part of an acquisition of over 160 acres of property. The City originally leased the property to Marriott Corporation in 1974 to be used as a parking lot for the Great America Theme Park. The lease encompassed the entire "main parking lot" for the Theme Park and covered 53 acres of land. The lease had an initial term of 25 years with 3 ten year extension options for a total term of 55 years. The rent under the lease was set at 7% of the value of the leased premises which was initially set at \$20,000 per acre for the first five years of the lease term, increasing to \$25,000 per acre for the next ten years and to \$30,000 per acre for the final ten years of the initial lease term. If the lease extension options were exercised, the per acre value of the property was to increase to \$35,000 for the first renewal term, \$40,000 for the second renewal term, and \$45,000 for the final renewal term.

The Marriott Lease was amended and supplemented several times. In 1985 Marriott Corporation assigned its interest in the lease to the former Redevelopment Agency, thus creating a lease between the City of Santa Clara as lessor and the Redevelopment Agency as lessee. Also in 1985 the lease was supplemented pursuant to Land Lease Supplement No. 3 to remove approximately 13.5 acres of the leased property from the lease. The 13.5 acres removed was the property that currently consists of the Hilton Hotel and the North/South Parcels.

The 13.5 acres removed from the Marriott Lease was then quitclaimed to the Former Redevelopment Agency. The Former Redevelopment Agency then entered into two leases for the property, the North Ground Lease and the South Ground Lease, with a private third party. The North and South Ground Leases contemplated the development of the two lots with hotel and office buildings. Both the North and South Ground Leases gave the former Redevelopment Agency the right to use the North and South Lots for parking until such time as the lessees were able to develop the property with a rent structure for that parking use included in the leases. Both

the North and South Ground Leases were assigned to the former Redevelopment Agency by the developers in 1988 to settle litigation. In 1999 the Former Redevelopment Agency further subdivided the property to create the 3.9 acre lot that is the site of the Hilton Hotel and the remaining 9.6 acres that constitutes the North/South Lots.

In 1989, the former Redevelopment Agency entered into a lease with Kings Entertainment Company for the property currently occupied by the Great America Theme Park. In addition to leasing to Kings Entertainment the Theme Park property, the lease grants to the lessee as an appurtenant interest to the leased premises, certain parking rights including rights to park over the Main Lot (the 38 acres that the City retained covered by the original Marriott Lease), the North South Lots and lots owned by the City across San Tomas Aquino Creek (currently the site of Levi's Stadium, the Youth Soccer Park and the 49ers Headquarters. The Great America Lease requires the Former Redevelopment Agency to make available to the Lessee adequate parking for Theme Park visitors. Adequate parking was originally defined as 6,000 permanent spaces located in the permanent parking area and an additional 3,000 overflow spaces located either in the Permanent Parking Areas or the Overflow Areas (those parking areas across San Tomas Aquino Creek). (Section 501 of the Theme Park Lease). Prior to reconfiguration of the entire parking area as part of the Stadium construction, the Main lot including the North/South Lot included 6,234 parking spaces, 1700 of which were located on the North/South Lot.

The Theme Park Lease also includes language that requires the Lessee to pay all costs associated with the Parking Areas and grants to the Theme Park Lessee all revenues derived from the Parking Area. The Theme Park lease specifies that costs related to the Parking Areas include the rent due under the North and South Ground Leases for so long as the North and South Ground Leases are in effect and the North and South Ground Lease areas are used for parking. The Theme Park Lessee has consistently paid the rent due under the North and South Ground Leases during the term of the Theme Park Lease and used the North/South Lots for parking. The rent paid by the Theme Park Lessee is currently \$26,600 per year which is consistent with the terms of the North and South Ground Leases.

The Theme Park Lease has been amended four times. The First Amendment revised the leased area. The second amendment further expanded the leased area and also reduced the number of parking spaces to be provided in the permanent parking area from 6,000 to 5,659. The Third Amendment reduced the number of overflow spaces required from 3,000 to 2,441 and revised certain language regarding payments related to operation of the parking areas, but retained the language regarding the payment of rent under the North/South Ground Leases as long as the North/South area is used as parking.

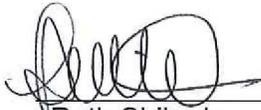
The Fourth Amendment to the Ground Lease was entered into by the City and the Theme Park Operator (Cedar Fair) in January 2012. The Fourth Amendment made significant changes to the parking requirements under the Theme Park Lease, including reducing the overall parking requirement to 6,500 spaces all of which are located on the Main Lot and removing the Overflow lots from the appurtenant interests granted to the Lessee under the Lease. The Fourth Amendment also gives Cedar Fair an easement over the Main Lot for the term of the lease for parking purposes. For purposes of the Fourth Amendment, the Main Lot includes the North/South Lots. As with the original lease, Cedar Fair retains all parking revenues generated from the Main Lot and is responsible for all costs, including the continued obligation to pay the rent under the North/South Lease. The rent required pursuant to the North/South Lease is the only revenue derived by the Successor Agency from the North/South Lots.

The Fourth Amendment also extends the term of the Theme Park Lease. The original term expired in 2039. Under the terms of the Fourth Amendment, the Lessee has the option to extend the term until 2074. The easement granted the Lessee over the Main Lot continues for the term of the Lease, including the extended term.

At the same time that the City entered into the Fourth Amendment to the Theme Park Lease with Cedar Fair, the City, Cedar Fair, The Santa Clara Stadium Authority and the Forty Niners Stadium, LLC entered into a Parking Agreement related to the Main Lot, including the North/South Parcels ("Parking Agreement"). The Parking Agreement calls for joint use of the Main Lot by the Theme Park and the Stadium, including scheduling procedures for use of the Main Lot. When the Main Lot is operated for Stadium events, all costs of operating the Main Lot and all revenues from the operation flow to the entity hosting the event either the Stadium Authority or the Forty Niners Stadium, LLC. No revenues generated from the Main Lot flow to the Successor Agency.

In January 2012 the City also granted to the Stadium Authority and the Forty Niners Stadium, LLC an easement over the entire Main Lot, including the North/South Parcels for parking purposes. The easement is for the term of the Ground Lease for the Stadium Site between the City and the Stadium Authority which, with extension options, has a sixty year term, terminating in 2074. The easement runs with the land and binds all successors in interest to the land.

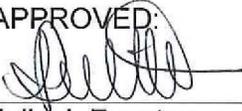
Including any portion of the North South Parcel as part of the offering for the Hilton Hotel property will require consultation and negotiations with Cedar Fair and Forty Niners Stadium, LLC.



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Ruth Shikada  
Economic Development Officer/  
Assistant City Manager

APPROVED:



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for Julio J. Fuentes  
City Manager  
Executive Officer to Successor Agency



**Date:** February 18, 2016

**To:** City Manager/Executive Officer for Oversight Board Information

**From:** Economic Development Officer/Assistant City Manager

**Subject:** Note and File Fully Executed Resolutions Nos. 2016-03 and 2016-04 from January 21, 2016 Meeting

**EXECUTIVE SUMMARY**

At the January 21, 2016 Oversight Board meeting, the Board requested several amendments to both the Resolution designating the process for the selection of representatives of the taxing entities on the Evaluation Team for the purchase of real property assets (2016-03) and the Resolution approving the procedures for sale of property in accordance with the Long Range Property Management Plan (2016-04). With Oversight Board Legal Counsel's review, both of these Resolutions were fully executed just this week and have been attached to this report for Oversight Board information.

Staff work for the Gateway #2 sale is not complete. With the finalization of the resolutions, Successor Agency staff will consult with this ad hoc committee on the solicitation documents for Gateway #2 prior to the next Oversight Board meeting.

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Ruth Shikada  
Economic Development Officer/  
Assistant City Manager

APPROVED:

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Julio J. Fuentes  
City Manager  
Executive Officer to Successor Agency

**RESOLUTION NO. 2016 – 03 (OVERSIGHT BOARD)**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY DESIGNATING PROCESS FOR SELECTION OF REPRESENTATIVES OF THE TAXING ENTITIES ON THE EVALUATION TEAM EVALUATING OFFERS FOR PURCHASE OF REAL PROPERTY ASSETS**

**BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AS FOLLOWS:**

**WHEREAS**, the California Legislature enacted Part 1.85 of the Health and Safety Code, Sections 34170 et seq. (the “Dissolution Law”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.);

**WHEREAS**, pursuant to Health and Safety Code section 34173, the City Council of the City of Santa Clara (the “City Council”) declared that the City of Santa Clara, a charter city (the “City”), would act as successor agency (the “Successor Agency”) for the dissolved City of Santa Clara Redevelopment Agency (the “RDA”) effective February 1, 2012;

**WHEREAS**, on February 1, 2012, the RDA was dissolved pursuant to Health and Safety Code Section 34172;

**WHEREAS**, prior to dissolution of the RDA, the RDA owned certain properties which have subsequently been transferred to the Successor Agency; and

**WHEREAS**, in accordance with the Dissolution Law, the Oversight Board and the Department of Finance have approved a Long Range Property Management Plan (“LRPMP”) providing for the disposition of the former RDA properties; and

**WHEREAS**, the LRPMP calls for the creation of an Evaluation Team to review bids received for the former RDA properties and to provide recommendations to the Oversight Board regarding the selection of a bid; and

**WHEREAS**, the Evaluation Team is to be composed of three members, one from the City of Santa Clara and two from affected taxing entities; and

**WHEREAS**, the members of the Evaluation Team have to be approved by the Oversight Board.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AS FOLLOWS:**

SECTION 1. The Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff, Oversight Board members, and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. The Oversight Board has determined that it shall appoint members of the Oversight Board to the Evaluation Team. The Evaluation Team shall serve as an Ad Hoc Committee of the Oversight Board and its duties shall be advisory only. .

SECTION 3. The Oversight Board selects two taxing agency representatives and one City of Santa Clara representative to serve on the Evaluation Team as follows: Ed Maduli, Glen Williams, and Gary Ameling.

SECTION 4. This Resolution shall take effect immediately in accordance with Health and Safety Code Section 34191.5(f).

SECTION 5. Severability. If any provision or clause of this Resolution or the application thereof is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or clauses or application; and to this end, the provisions of this Resolution are declared to be severable.

CERTIFICATION

I HEREBY CERTIFY THE FORGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AT A REGULAR MEETING THEREOF HELD ON THE 21<sup>ST</sup> DAY OF JANUARY 2016, BY THE FOLLOWING VOTE:

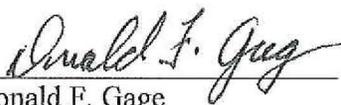
AYES: BOARD MEMBERS: Ameling, Cauble, Guthrie, Matthews, Tinsley and Chairperson Gage

NOES: BOARD MEMBERS: None

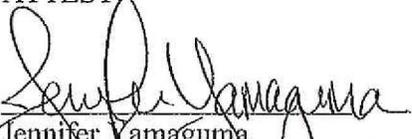
ABSTAIN: BOARD MEMBERS: None

ABSENT: BOARD MEMBERS: Maduli

APPROVE:

  
Donald F. Gage  
Chairperson

ATTEST:

  
Jennifer Yamaguma  
Clerk to the Oversight Board

**RESOLUTION NO. 2016 – 04 (OVERSIGHT BOARD)**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY APPROVING THE PROCEDURES FOR SALE OF PROPERTY IN ACCORDANCE THE LONG RANGE PROPERTY MANAGEMENT PLAN**

**BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AS FOLLOWS:**

**WHEREAS**, the California Legislature enacted Part 1.85 of the Health and Safety Code, Sections 34170 et seq. (the “Dissolution Law”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.);

**WHEREAS**, pursuant to Health and Safety Code section 34173, the City Council of the City of Santa Clara (the “City Council”) declared that the City of Santa Clara, a charter city (the “City”), would act as successor agency (the “Successor Agency”) for the dissolved City of Santa Clara Redevelopment Agency (the “RDA”) effective February 1, 2012;

**WHEREAS**, on February 1, 2012, the RDA was dissolved pursuant to Health and Safety Code Section 34172;

**WHEREAS**, prior to dissolution of the RDA, the RDA owned certain properties which have subsequently been transferred to the Successor Agency; and

**WHEREAS**, in accordance with the Dissolution Law, the Oversight Board and the Department of Finance have approved a Long Range Property Management Plan (“LRPMP”) providing for the disposition of the former RDA properties; and

**WHEREAS**, the Successor Agency is preparing the former RDA's properties for sale in accordance with the LRPMP and desires to start the sales process by offering the Gateway Parcel 2 and the Hilton Hotel, as those properties are identified in the LRPMP, to the public for sale as soon as the Successor Agency can prepare the offering materials with the goal of maximizing the sales proceeds from the properties;

**WHEREAS**, the Successor Agency has set forth a sales process in the staff report accompanying this Resolution for the properties; and

**WHEREAS**, the Oversight Board finds that the sales process set forth in the staff report meets the objectives of the LRPMP to sell the properties expeditiously and for maximum value.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AS FOLLOWS:**

SECTION 1. The Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff, Oversight Board members, and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. The Oversight Board authorizes the Successor Agency to offer for sale the Gateway Parcel 2 and the Hilton Hotel property in a manner consistent with the procedures set forth in Exhibit A attached to this resolution.

SECTION 3. This Resolution shall take effect immediately in accordance with Health and Safety Code Section 34191.5(f).

SECTION 4. Severability. If any provision or clause of this Resolution or the application thereof is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or clauses or application; and to this end, the provisions of this Resolution are declared to be severable.

CERTIFICATION

I HEREBY CERTIFY THE FORGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AT A REGULAR MEETING THEREOF HELD ON 21<sup>st</sup> DAY OF JANUARY 2016, BY THE FOLLOWING

VOTE:

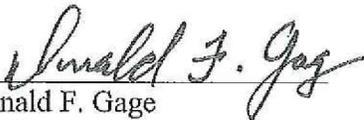
AYES: BOARD MEMBERS: Ameling, Cauble, Guthrie, Matthews, Tinsley and Chairperson Gage

NOES: BOARD MEMBERS: None

ABSTAIN: BOARD MEMBERS: None

ABSENT: BOARD MEMBERS: Maduli

APPROVE:

  
Donald F. Gage  
Chairperson

ATTEST:

  
Jennifer Yamaguma  
Clerk to the Oversight Board

EXHIBIT A  
DISPOSITION PROCEDURES

The following Disposition Procedures will be used by the Successor Agency for the disposition of the Gateway Parcel 2 and Hilton Hotel properties:

| Action  | Projected Completion Date                                  |
|---|--|
| Successor Agency prepares solicitation materials, disclosure materials and establishes list of parties to distribute solicitation materials     | March, 2016  |
| Successor Agency opens solicitation period. LRPMP calls for a 90 day solicitation Period  | Solicitation Period Closes July, 2016                      |
| Evaluation Team meets to review bids and select highest bidder  | July/August, 2016  |
| Evaluation Team and Successor Agency present recommendation of selected bidder to Oversight Board for approval of a Purchase and Sale Agreement | August, 2016   |
| Successor Agency notifies successful bidder and executes Purchase and Sale Agreement  | Within one week of Oversight board meeting                 |
| Escrow Closes   | Within 30 days of execution of Purchase and Sale Agreement |

Solicitation materials will include a Purchase and Sale Agreement (PSA). In order for a bid to be responsive the bidder must submit an executed copy of the PSA along with a non-refundable deposit. If the bidder makes changes or alterations to the PSA, the Evaluation Team may consider the bid to be non-conforming. All bids must be without contingencies.

Potential bidders will conduct their due diligence during the solicitation period. The Successor Agency will provide potential bidders with opportunities to inspect the properties and review all materials in the Successor Agency's possession regarding the properties. During the escrow period, the successful bidder will be able to perform inspections and tests on the properties but the PSA is not contingent upon the outcome of those inspections and tests. The properties will be sold "as is, where is, with all faults" with no representations or warranties from the Successor Agency. Potential bidders will be required to perform their own inspections and due diligence and rely upon their own expertise.

All bids will be submitted to the Successor Agency sealed. The Successor Agency will not open any bids until the conclusion of the solicitation period, at which time all bids will be opened. The Successor Agency will have no obligations to consider bids received after the deadline set forth in the solicitation materials, but the Successor Agency may extend the deadline for submission of bids.

Upon acceptance of the successful bid, the bidder will be required to submit to escrow a deposit of 10% of the purchase price. All sales will be for cash. The buyer of the property will be responsible for all closing costs, including documentary transfer tax, title and escrow fees and any other costs associated with the closing.

If the Successor Agency receives two or more bids that are comparable, the Successor Agency, after consultation with the Evaluation Team, may provide the bidders with the opportunity to increase their bids until the tie is broken. After the Successor Agency and the Evaluation Team review the results of the bids received, the Evaluation Team will submit a report to the Oversight Board regarding the bids received, if any, with recommendations including to find bid(s) nonresponsive, to award a contract, to provide all bidders an opportunity to increase their bid and submit new bids, or to reject all bids and commence a new solicitation process.